



Daily Report

East Asia

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Japan

Hata To Meet Clinton Prior to G-7 Summit

OW0106121794 Tokyo KYODO in English 1142 GMT
1 Jun 94

[Text] Tokyo, June 1 KYODO—Prime Minister Tsutomu Hata is likely to hold his first summit meeting with U.S. President Bill Clinton on July 8, or just before the start of the Group of Seven (G-7) summit of major industrialized nations in Naples, Italy, government sources said Wednesday [1 June].

The sources said the two leaders' talks in Naples will focus on the status of progress in the recently resumed bilateral trade "framework" negotiations, as well as the North Korean nuclear issue.

Hata is scheduled to leave Japan on July 7, arriving in Rome later on the same day and then proceeding overland to Naples, the sources said.

After Hata and Clinton meet July 8, the two leaders will participate in a G-7 dinner meeting on the same day, they said.

The sources said the idea of holding the bilateral summit in Naples was proposed by Washington, but the Japanese side would prefer to have the talks held in another European capital such as London.

Further on U.S.-Japan Economic Framework Talks

Talks Resumed

OW0106013594 Tokyo KYODO in English 0103 GMT
1 Jun 94

[Text] Tokyo, June 1 KYODO—Japan and the United States on Wednesday [1 June] reopened the "framework" trade talks after a three-and-a-half-month deadlock over a U.S. demand for "objective criteria" to gauge foreign access to Japanese markets.

Last Tuesday, the two countries announced that they would resume the talks in three priority areas—Japanese Government procurement of medical equipment and telecommunications, auto and auto parts and insurance.

The talks bogged down at the February summit meeting between then Japanese Prime Minister Morihiro Hosokawa and U.S. President Bill Clinton in Washington.

According to the announcement after exploratory talks in Washington, Japan and the U.S. agreed not to use "objective criteria" as "numerical targets" in accessing the openness of the Japanese markets to foreign goods and services.

Eisuke Sakakibara, deputy chief of the Finance Ministry's International Finance Bureau, heads the Japanese

side, and assistant U.S. Trade Representative for Japan and China Ira Wolf leads the U.S. delegation at the two-day talks on insurance.

Among focal points at the talks is the pace of the liberalization of Japan's insurance business in the "third field," which deals with accident, nursing care and disease insurance.

The U.S. has called on Japan to "slow down" the pace of liberalization because of foreign insurers dominance in that business area.

The two countries will also resume talks on auto and auto parts on Thursday in Washington and government procurement on Friday in Tokyo.

Little Progress Expected

OW0106040094 Tokyo KYODO in English 0323 GMT
1 Jun 94

[Text] Tokyo, June 1 KYODO—Japan and the United States returned to the trade negotiating table Wednesday [1 Jun] on a note of guarded optimism after a hiatus of three and a half months.

Negotiators picked up the talks on the insurance sector, which both sides have said is nearest to resolution, with the American side hinting at compromise.

"I gather there's an atmosphere of optimism that we are going to move forward," a U.S. official said of the insurance talks that are to run through Thursday in Tokyo.

"The U.S. is going to be more flexible but we're not going to throw everything overboard," said the official who asked not to be named. The American negotiators are sticking to their basic positions but be more open to Japanese suggestions, he said.

But Japanese Finance Minister Hirohisa Fujii has indicated Tokyo has no new offers and both sides were cautious on the immediate prospects.

A Japanese official said Wednesday's talks would likely just reconfirm progress made before the bilateral trade "framework" talks ruptured in February over how to gauge progress in opening Japanese markets.

Another Japanese official said he did not expect to flesh out Tokyo's proposal to institute an insurance broker system, a key U.S. demand, as a major newspaper reported Wednesday.

The U.S. official said, "we'll just have to see how things go in this first round—whether we move forward or just get stuck."

Asked if both sides could wrap up an agreement on insurance in two days, lead U.S. negotiator Ira Wolf, assistant trade representative for Japan and China, smiled and said, "we'll see."

The Japanese team is headed by Eisuke Sakakibara, deputy chief of the International Finance Bureau at the Finance Ministry.

The trade framework talks broke down Feb. 11, when then Prime Minister Morihiro Hosokawa and President Bill Clinton could not agree on the "objective criteria" called for in the framework accord signed last July.

But both sides say the insurance sector—unlike the other priority areas of government procurement and automobiles and car parts—are less likely to revert to bickering over whether U.S. demands amount to "numerical targets."

Indeed, the U.S. is urging Japan to go slow in opening the foreign-dominated "third sector" of insurance that includes accident, nursing care and disease coverage.

A U.S. diplomat said in Tokyo recently that there are problems applying objective market access criteria to heavily regulated areas such as insurance. And a senior Japanese Finance Ministry official said the U.S. agrees such yardsticks are not appropriate for the sector.

The two countries are to resume the auto and parts talks Thursday in Washington and the talks on Japanese Government procurement of medical equipment and telecommunications Friday in Tokyo.

Hata Supports Possession of 'Spy Satellite'

OW0106062894 Tokyo KYODO in English 0619 GMT 1 Jun 94

[Text] Tokyo, June 1 KYODO—Prime Minister Tsutomu Hata on Wednesday [1 June] supported Japan's possession of a spy satellite in the future, saying the nation would deal positively with upgrading its information-gathering ability.

Hata told a session of the House of Representative Budget Committee that currently Japan has no plan to own a spy satellite. "But it is important to have correct (military) information to ensure our self-defense," the premier said. "We must study concrete issues."

Hata, asked about relations between a Diet resolution prohibiting military use of outer space and spy satellites, said the fact that the Defense Agency receives information from a U.S. spy satellite on a commercial basis does not contravene the resolution. "I understand that the Self-Defense Forces have been allowed to make use of satellites that are generally used," Hata said.

Atsushi Kanda, director general of the Defense Agency, told the same committee session that Japan should have the ability "to repulse ballistic missiles in the future." In that context, however, Kanda showed a cautious stance on the issue, saying, "there are various difficult problems such as the Diet resolution."

PRC Wants Tokyo's Support on GATT Membership

OW0106035994 Tokyo KYODO in English 0343 GMT 1 Jun 94

[Text] Tokyo, June 1 KYODO—China's trade minister on Wednesday [1 Jun] called for Japanese support of China's bid to become as early as possible a member of the General Agreement on Tariffs and Trade (GATT), Foreign Ministry officials said.

China's Foreign Economic Relations and Trade Minister Wu Yi made the call in a meeting with Foreign Minister Koji Kakizawa.

Kakizawa told Wu he hopes the tariffs negotiations between Japan and China now underway will progress smoothly, the officials said.

Following negotiations with China, Japan will submit a list of recommendations for China's tariff cuts to a GATT working committee to help Beijing join GATT at an early stage.

Wu told Kakizawa that China's economic and trade relations with Japan is in extremely good condition, with two-way trade reaching a record 39 billion dollars last year and investment between the two nations also increasing, they said.

Giving high marks to Japan's economic cooperation towards China and its three packages of yen loans through official development assistance (ODA), she also urged Japanese cooperation in the upcoming fourth package of yen loans.

Wu also called for boosting trade between the two nations on textile products, the officials said.

Kakizawa said Japan and China are currently discussing at a working-level the fourth package of yen loans to be implemented as early as possible. He also said Japan wants to promote exchanges of views on textile products trade, they said.

Cabinet Ministers Said To Skip OECD Meeting

OW0106003594 Tokyo KYODO in English 2307 GMT 31 May 94

[Text] Tokyo, June 1 KYODO—Three Japanese cabinet ministers are certain to skip the ministerial meeting of the Organization for Economic Cooperation and Development (OECD) due to a tight parliamentary schedule, government sources said Wednesday.

According to the sources, Nobuo Matsunaga, former ambassador to the United States who serves as the chief government trouble shooter, will attend the two-day meeting in Paris beginning next Tuesday to represent Japan.

Foreign Minister Koji Kakizawa, Economic Planning Agency Director General Yoshio Terasawa, and Eijiro

Hata, minister of the international trade and industry, were initially slated to attend the conference.

Kakizawa was also scheduled to meet with U.S. Secretary of State Warren Christopher and trade representative Mickey Kantor as well as Russian Foreign Minister Andrei Kozyrev.

Government Confirms Pyongyang's Missile Launch

*OW0106031394 Tokyo KYODO in English 0310 GMT
1 Jun 94*

[Text] Tokyo, June 1 KYODO—Japan has confirmed that North Korea fired a missile into the Sea of Japan, Chief Cabinet Secretary Hiroshi Kumagai said Wednesday [1 Jun].

"I heard it (the launch of a missile) was true," the top government spokesman said at a news conference.

But Kumagai declined to comment further, saying the government has yet to know full details of the incident.

"It looks like it was not the test launch of a ballistic missile," he said.

The government also has no knowledge of exactly what time and where North Korea fired the missile, Kumagai said.

The Defense Agency characterized the latest missile launch as a routine test.

According to reports by U.S. television networks, North Korea fired a "Silkworm" antiship missile into the Sea of Japan Tuesday.

Agency Trying To Confirm Reports of DPRK Mine Laying

*OW0106142594 Tokyo KYODO in English 1409 GMT
1 Jun 94*

[Text] Tokyo, June 1 KYODO—The Defense Agency is trying to quickly verify reports that North Korea has laid sea mines off its coast, defense officials said Wednesday. "At the moment we cannot confirm the mine-laying," an official said. "But if the reports prove true, we might say this is a move indicating the North Korean side is hardening its stance in the direction of military confrontation," he said.

The information was received just after North Korea, under international scrutiny for its suspected nuclear weapons program, was reported to have test fired a "Silkworm" antiship missile into the Sea of Japan on Tuesday.

North Korean sea mines would also constitute "a big, direct safety threat" to maritime transport in the region, the officials said.

With mined coastal waters, North Korea hopes to ward off the landing of enemy troops, sources well-versed in defense issues said.

The move is apparently modeled after Iraq's mining of the Persian Gulf off Kuwait to counter the U.S.-led allied forces in the 1991 Gulf war, they said.

Should North Korea have actually mined its coastal waters, it could suggest that the Pyongyang leadership believes the nuclear standoff has been pushed to the brink and is ready to risk an attack from the United States and its allies, the sources said.

Floating sea mines, laid off North Korea's coasts during the 1950-53 Korean war to cut off reinforcements and provisions for UN troops fighting on the South Korean side, have endangered sea traffic around Japan. More than 300 mines that came loose in rough seas have submerged in the past. "A similar situation might arise. And traffic in the Sea of Japan, for instance, is incomparably higher than in those (Korean war) times," the sources said.

They said the antimining capacity of the U.S. Navy stationed in the Asia-Pacific region comes close to "zero." Therefore, Japan's Maritime Self-Defense Force, which has helped clear the Persian Gulf from Iraqi mines, could be forced to dispatch minesweepers if it came to the worst, they said.

The agency will have to closely watch North Korea's development and testing of ballistic missiles and mines issue, the sources suggested.

MITI Announces Scheme To Expand Imports From EU

*OW0106061294 Tokyo KYODO in English 0551 GMT
1 Jun 94*

[Text] Tokyo, June 1 KYODO—Japan's Ministry of International Trade and Industry (MITI) and the European Commission on Wednesday [1 June] announced a joint program to boost Japan's imports from European Union (EU) countries.

The plan is designed to maximize effects of trade promotion campaigns currently being undertaken by each party, a MITI official told a news conference.

Specifically, MITI and the Japan External Trade Organization (JETRO) will support the EU's "gateway to Japan" three-year export promotion scheme from 1994 by sponsoring trade fairs and seminars.

The Japanese side will also offer training to European corporate managers planning to launch businesses in Japan through acceptance of trainees and dispatch of Japanese experts to the EU, MITI said.

The program also calls for interchange of information to facilitate European exports to this country, MITI said.

These assistance programs are contained in a market-opening package released by the Japanese Government at the end of March, MITI said.

In order to smooth implementation of the set goals, MITI and the European Commission agreed to create a joint committee.

The committee will hold consultations twice a year in Tokyo and Brussels alternately, with the first meeting taking place here in September, MITI said.

EU Official Cites Deregulation Boosting Imports

OW0106133894 Tokyo KYODO in English 1043 GMT 1 Jun 94

[Text] Tokyo, June 1 KYODO—The European Commission (EC) believes that further Japanese deregulations will boost Japan's economy and help expand imports, a high-ranking EC official said Wednesday [1 June].

Simon Nuttal, EC director of relations with Far Eastern countries in external economic relations, made the comment at the conclusion of a two-day, high-level meeting here between the European Union (EU) and Japan.

The meeting resulted from an agreement made between Japanese Prime Minister Tsutomu Hata and EC President Jacques Delors when they met in Brussels on May 6.

The meeting covered such fields as distribution, competition policy, sanitary and phytosanitary questions, financial services, professional services, public procurement and customs.

Nuttal said at a press conference that the meeting was a good opportunity for the EU to seek information about the deregulation plans of the Japanese Government, which is preparing a package of measures to be announced in late June.

In the meeting, the EU presented proposals for improving market access to Japan, facilitating imports and serving the interests of Japanese industry and consumers, he said.

Nuttal said, "We are convinced that this liberalization approach has a significant beneficial effect on the economy," noting that for years the EU has undertaken tasks of a deregulatory nature through "single market" exercises.

He said measures taken with a view to strengthening the domestic economy will also have a favorable impact on foreign exporters to Japan and help ease the difficulties created by Japan's trade surplus.

Tokyo To Step Up 69 Science Cooperation Projects

OW2705144194 Tokyo KYODO in English 1425 GMT 27 May 94

[Text] Tokyo, May 27 KYODO—Japan and Russia agreed Friday [27 May] to expedite scientific cooperation in research and development of 69 projects that cover biotechnology, new material manufacturing and 13 other fields, Japanese officials said.

The agreement came at the second meeting in Tokyo of a Russo-Japanese committee which is designed to step up cooperation in science and technology, the officials said.

The panel was set up following the 1991 breakup of the Soviet Union in order to push joint research with Russian scientists who have excellent records of achievements in basic scientific research.

The projects include one aimed at developing techniques to forecast earthquakes based on satellite observations of the earth.

Ministry, Lawyers To Study Arbitration Access

OW0106064594 Tokyo KYODO in English 0636 GMT 1 Jun 94

[Text] Tokyo, June 1 KYODO—The Justice Ministry and Japan's largest lawyers' group launched a panel Wednesday [1 June] to study U.S. and European calls to allow foreign lawyers to represent foreign firms in Japan as an arbitrator in reaching out-of-court settlements of business disputes.

The panel, the study group on international arbitration representation, called its first meeting attended by representatives from the ministry and the Japan Federation of Bar Associations (JFBA), JFBA officials said. The panel is commissioned to come up with recommendations for legislative changes needed to authorize foreign lawyers to represent firms in Japan involved in business disputes and also citizens involved in international disputes on business contracts and products, they said.

The Code of Civil Procedures of Japan recognizes the legal validity of out-of-court settlements of business disputes just as the validity of court rulings are upheld. However, the code's article 801 says when certain firms are represented by an agent whose qualifications do not derive from Japanese law, related parties are empowered to demand the cancellation of an out-of-court settlement.

The United States and the European Union have been urging Japan to alleviate such curbs so that foreign lawyers can legally represent firms doing business with partners in Japan in seeking dispute settlements.

The ministry and the JFBA compiled and submitted to the Diet an amendment bill that would lift some restrictions on foreign lawyers who wish to practice law in Japan. The panel aims to produce specific legislative

recommendations in response to an earlier ministry-JFBA joint report that called for "moving forward amending the system to expedite further liberalization" on the issue of international arbitration, ministry officials said.

LDP May Oppose Government Budget

OW3105144194 Tokyo KYODO in English 1251 GMT 31 May 94

[Text] Tokyo, May 31 KYODO—Leaders of Japan's largest opposition Liberal Democratic Party (LDP) agreed in principle Tuesday [31 May] to consider rejecting the government's overdue fiscal 1994 budget in a carefully devised strategic move, party officials said.

The LDP, ousted from power last year after 38 years of rule, will demand the 73 trillion yen budget be revised in line with its calls for more realistic economic policies, including a greater burden on taxpayers to cover mounting welfare pension costs, the officials said.

If the government of Prime Minister Tsutomu Hata rejects the demands, the LDP will vote against the budget in an effort to lay the groundwork for a no-confidence vote in cooperation with the No. 2 opposition Social Democratic Party (SDP), they said.

But the LDP strategy is based on the assumption that the SDP, which in April quit the ruling coalition, leaving it a shaky minority government, will vote for the budget and clear the way for passage by the Diet.

The planned LDP objection is to show its clout in having its voice heard as the powerful opposition party, LDP sources said.

"We have not decided to oppose the budget as a whole," a senior party official said. "We will have our Policy Affairs Research Council discuss whether to submit demands for revisions of the budget."

Reform Plans Scheduled by End of Jun

OW0106045094 Tokyo KYODO in English 0436 GMT 1 Jun 94

[Text] Tokyo, June 1 KYODO—Prime Minister Tsutomu Hata said Wednesday [1 June] the government will map out a plan for administration reforms by the end of this month, government officials said.

Hata made the remarks at a meeting with members of the Tax Commission, an advisory body for the prime minister that has been examining ways of reforming Japan's taxation systems.

Kan Kato, the head of the commission, told Hata that in order to carry out tax reforms, administration reforms should come first so as to show efforts of reducing government expenses to the people, they said.

Hata replied that the government will draw up a plan for administration reforms by the end of June, before the

Tax Commission is expected to compile a tax reform plan, according to the officials. They quoted Hata as saying, in administration reforms, that there will be no "sanctuary" areas. The officials said Hata also promised to consider drawing up a five-year plan for national and regional governments' administration, responding to a call by Kato for such a plan.

On the recently shelved plans for raising public charges, Hata told the Tax Commission members that he did not mean to simply postpone such hikes, according to the officials. Instead, he will instruct concerned government sectors to review public service systems and charges, Hata was quoted as saying.

DSP's Ouchi Announces Resignation as Chairman

OW0106123694 Tokyo KYODO in English 1214 GMT 1 Jun 94

[Text] Tokyo, June 1 KYODO—The leader of the Democratic Socialist Party (DSP) on Wednesday announced his resignation to take the blame for a political maneuver that resulted in leaving the ruling coalition with Japan's first minority government in 39 years.

"I wish to step down as party chairman at the coming party convention to take responsibility for the fiasco stemming from the formation of a new parliamentary group," DSP Chairman Keigo Ouchi told an extraordinary session of the party's central executive committee. "Specifically, it means I will not run for the chairmanship at the next party convention" scheduled for next week, Ouchi said.

Ouchi, 64, has been under pressure to quit for his role in forming the "Kaishin" parliamentary group in April, a move that prompted the Social Democratic Party (SDP) to quit the coalition.

DSP Secretary General Takashi Yonezawa, 54, will take over the top party post, said Ouchi, who became chairman in April 1990. Kansei Nakano, chairman of the DSP's policy board, is expected to succeed Yonezawa as party secretary general, party sources said.

At Wednesday's extraordinary meeting, Ouchi also spoke of the need for the party's unity and further prosperity as a full-scale political realignment is imminent.

Ouchi, who is health and welfare minister in the government, said he wants to concentrate on his duties in that post after he formally quits the party chairmanship.

The Kaishin group was formed by the DSP, Shinseito and other elements in the coalition, excluding the SDP, only hours after Tsutomu Hata was elected prime minister on April 25.

The SDP had voted for Hata, but walked out of the coalition because it views the formation of Kaishin as a

move to freeze it out of policy-making. As a result, the Hata administration started as the first minority government since 1955.

Ouchi later told reporters he decided to step down as party head because he thought it is the best way to resolve the disarray over Kaishin and maintain the DSP's unity. But he said he still believes the formation of the new parliamentary group was right. "I'm convinced my proposal for creating a new parliamentary group will prove to be important in tackling a reconfiguration of political parties in the future," he said.

Ouchi said he decided to resign on May 13 during a plenary session of the House of Councillors and prepared a draft resignation address at the time. Asked exactly what triggered his decision to quit, Ouchi replied he thought it necessary to resolve the internal dispute over the formation of the Kaishin group and the SDP's subsequent withdrawal from the coalition. "When a row surfaces within the party, the leader should sacrifice himself," he said.

Ouchi said he delayed announcing his intention to resign in the belief that too early a revelation could make the matter even worse. Asked if he intends to serve as party chairman again in the future, Ouchi said, "I have no such plan."

Meanwhile, a senior SDP official said Ouchi's resignation will not directly lead to the SDP's return to the governing alliance. "Whoever is chairman, all we have to do is deal with the DSP," the official said, speaking on condition of anonymity. Some other SDP sources, however, welcomed the resignation as a move that makes it easier for their party to rejoin the coalition.

On the other hand, a senior member of the Liberal Democratic Party (LDP) expressed hope the Ouchi's departure will aggravate the schism within the coalition. The LDP, toppled from government last summer for the first time in 38 years, has been threatening to file a no-confidence motion against the Hata cabinet, in a move to form a new government with the LDP as its core.

SDPJ Determined To Summon Ozawa To Testify

OW3105141094 Tokyo KYODO in English 1351 GMT 31 May 94

[Text] Tokyo, May 31 KYODO—Social Democratic Party (SDP) [of Japan, SDPJ] Chairman Tomiichi Murayama said Tuesday [31 May] the No. 2 opposition party is determined to investigate the suspected receipt by chief coalition strategist Ichiro Ozawa of illegal donations from contractors.

Murayama, speaking at a press conference in Naha, southern Japan, hinted that the party would push the Diet to summon Ozawa to testify under oath concerning his alleged receipt of illegal donations from a contractor.

"It is the Diet's responsibility to clarify suspicions," Murayama said.

Diet Affairs Committee Chairman Sadatoshi Ozato of the Liberal Democratic Party (LDP), the largest opposition party, also said the LDP will quiz Ozawa on suspected money problems if he is summoned before the Diet.

Ozato told a separate press conference that "as (Ozawa) is a key person in the ruling parties, it is better (for him) to clear himself of suspicion."

Ozawa, secretary general of Shinseito [Japan Renewal Party], a core party in the coalition, has denied allegations which surfaced last November that he had regularly received illegal donations from major contractor Kajima Corp. over the past few years, saying they were "properly handled."

Ozawa is regarded as the de facto leader of Shinseito, which is nominally headed by Prime Minister Tsutomu Hata.

Murayama said the SDP will possibly submit a no-confidence motion against the government led by Hata, depending on the coalition government's response to demands for the summoning of Ozawa.

If such a no-confidence motion is passed, the SDP chairman said, the cabinet should dissolve the House of Representative and call an election.

Both the SDP and LDP have said they will cooperate with the minority coalition only until the Diet passes the fiscal 1994 state budget, threatening that they may submit a no-confidence motion at any time thereafter.

Hata Urged To Get SDPJ Back Into Coalition

OW3105143994 Tokyo KYODO in English 1416 GMT 31 May 94

[Text] Tokyo, May 31 KYODO—A top Japanese labor leader urged Prime Minister Tsutomu Hata on Tuesday [31 May] to take the initiative to get the second largest opposition Social Democratic Party (SDP) [of Japan, SDPJ] back into the fold of his ruling coalition.

"It solely depends on Prime Minister Hata's decision," said Akira Yamagishi, head of the Japanese Confederation of Labor (Rengo), in referring to an SDP call for resignation of the Hata cabinet or general elections if the prime minister refuses to quit.

"There is no possibility of (the Hata government) resigning voluntarily en masse if the decision is left to Shinseito [Japan Renewal Party] leader (Ichiro) Ozawa," Yamagishi said in a program on the private Tokyo Broadcasting System (TBS) television network.

Ozawa, chief strategist of the coalition, is regarded as the behind-the-scenes leader of the shaky minority government that toppled four decades of rule by the Liberal Democratic Party.

Rengo is a main backer of the SDP, which left the coalition in April after former coalition head Morihiro Hosokawa the party supported quit in a dispute over his shady personal financial deals.

Formation of New Political Group Put Off

*OW3105134694 Tokyo KYODO in English 1319 GMT
31 May 94*

[Text] Tokyo, May 31 KYODO—A preliminary meeting for forming a new political group was postponed indefinitely Tuesday [31 May] after a report suggested the new group might serve as a stage for a return to central politics by Hokkaido Gov. Takahiro Yokomichi, officials said.

The meeting, which had been expected to be held Wednesday, was to bring together members of a Social Democratic Party (SDP) policy study group called "Democrats" and of a parliamentary group consisting of new party Sakigage [Harbinger], the Group Seibun and Minshu no Kaze (Democratic Wind).

The idea of forming the new political group, aimed at seeking a new direction by uniting democratic forces, was revealed by Minshu no Kaze members on May 20.

However, plans were apparently derailed by a report in a leading Japanese daily that Yokomichi was to be involved. The MAINICHI SHIMBUN reported in its Monday evening edition that the new political group to be formed by some 60 lower house members in June had already asked Yokomichi to become a member.

The 53-year-old Yokomichi, who was elected four times to the House of Representatives with SDP backing beginning in 1969, is widely regarded as a likely leader of a new political group in the event of further political realignment.

Yokomichi told a press conference in Sapporo, Hokkaido, about a week ago that he would not seek reelection as governor of the northernmost main island next spring, promoting speculation that he might return to national politics.

One of four Minshu no Kaze members, Yuichi Takami, denied he had contacted Yokomichi on the issue, saying "we will wait until the public excitement over the affair dies down" before forming the group.

Political sources said the prospects that the group would offer a stage for Yokomichi might be based on the close relationship between the governor and another Minshu no Kaze member Satoshi Arai who once served as head of the governor's office in Hokkaido.

The four-member group Minshu no Kaze on Tuesday joined an existing 18-member parliamentary group comprising new party Sakigage and the Group Seibun.

Minshu no Kaze defected from the Japan New Party (JNP) headed by former Prime Minister Morihiro Hosokawa due to differences with the party leadership.

Sakigage, a 15-member party, is headed by Masayoshi Takemura, former chief cabinet secretary in the preceding coalition government.

The three-member Seibun, also a breakaway from the JNP, left after Hosokawa failed to carry out a planned merger with Sakigage.

Hosokawa Attacker's Confession Noted

*OW0106013794 Tokyo KYODO in English 0106 GMT
1 Jun 94*

[Text] Tokyo, June 1 KYODO—The suspect in Monday's [30 May] abortive attack on former Prime Minister Morihiro Hosokawa has confessed that he had no intention to kill Hosokawa when he fired a gunshot at a Tokyo hotel, police sources said Wednesday.

Rather, the sources said, Masakatsu Nozoe, 52, told police investigators that he simply tried to "threaten" the 56-year-old former premier who was at the Keio Plaza Hotel in Tokyo's Shinjuku ward to attend a party.

But an investigation has revealed that Nozoe, who was arrested immediately after he fired at the ceiling, had checked into the hotel under a false name about five hours before the incident, according to the police sources.

Nozoe had told police after his arrest that he fired a gunshot because of Hosokawa's remarks on Japan's wartime aggression and of Hosokawa's economic program.

On Tuesday, police searched the hotel and the Shinjuku office of the right-wing group "Shokonjuku," to which Nozoe had once belonged.

JNP's Kumamoto Office Receives Threatening Call

*OW0106045594 Tokyo KYODO in English 0442 GMT
1 Jun 94*

[Text] Kumamoto, June 1 KYODO—The Japan New Party (JNP) office in Kumamoto, western Japan, has received a threatening call following an abortive shooting attempt by a right-wing member against party leader Morihiro Hosokawa on Monday [30 May], police said Wednesday.

Investigative sources quoted the caller as menacingly saying Tuesday morning that "unlike the rightist in Tokyo, we will not fire at a ceiling." The office has filed a charge against the anonymous caller with Kumamoto prefectural police, the sources said. Police are questioning the president of Seinen Aikokuto, a right-wing group in Kumamoto.

Hosokawa escaped uninjured after Masakatsu Nozoe, a former member of the right-wing organization Shokonjuku, fired a gun toward the ceiling from behind the former premier at Keio Plaza Hotel in Tokyo, where a party reception was being held. Nozoe, 52, was arrested immediately after the incident.

The suspect said he had no intention of killing Hosokawa but wanted to "threaten" him for Hosokawa's remarks on Japan's wartime aggression and his economic program, police sources said. An investigation revealed that Nozoe had checked into the hotel under a false name about five hours before the incident, according to police sources.

Finance Ministry Announces Foreign Reserves Record

OW0106083994 Tokyo KYODO in English 0814 GMT 1 Jun 94

[Text] Tokyo, June 1 KYODO—Japan's foreign exchange reserves rose 2.34 billion dollars in May from April to hit a record for the third month in a row, the Finance Ministry said Wednesday [1 June].

The rise to a month-end balance of 106.91 billion dollars indicates continued yen-selling intervention by the Bank of Japan to stem the Japanese currency's rise against the U.S. dollar.

The May rise was the seventh consecutive monthly increase, the ministry said.

Foreign reserves include convertible foreign currencies, gold and International Monetary Fund (IMF) special drawing rights.

A ministry official, as usual, declined comment on the reasons for the change in the foreign exchange reserve balance in releasing the figures.

Market players watch fluctuations for evidence of intervention by the central bank, which dealers said continued during May.

The official declined to cite any factors besides such interventions that would have affected the foreign reserve balance during the month.

The dollar started the month of Tokyo trading at 101.80 yen on May 2 and hit its monthly low that day at 101.48 yen, the official said.

The dollar was approaching its postwar record lows that day, which preceded three days of Japanese national holidays. During the holidays, the U.S. Federal Reserve led a concerted intervention with some 16 other central banks to prop up the dollar.

Dealers cited repeated dollar-buying by the Bank of Japan during the month in addition to the fed intervention, which was confirmed by Treasury Secretary Lloyd Bentsen.

The ministry official said the dollar peaked for the month on May 16 at 105.15 yen, for a range of 3.67 yen for the month, and ended May trading at 104.38 yen Tuesday.

According to the most recent comparable figures available, Japan remained the world's largest holder of foreign reserves with a total at the end of March of 101.7 billion yen, he said.

Germany and Taiwan each had 84.8 billion dollars, but Taiwan's most recent figures are from January. No. 4 was the United States at 78.7 billion dollars, followed by Spain at 42.5 billion dollars, the official said.

Fujii Says Ministry To Revise Tax Estimates on Request

OW3105032094 Tokyo KYODO in English 0241 GMT 31 May 94

[Text] Tokyo, May 31 KYODO—Finance Minister Hirohisa Fujii said Tuesday [31 May] his ministry is ready to issue additional revenue estimates on a planned tax reform if it is requested to do so.

His comments came amid mounting criticism of a report issued last Friday by the ministry which presents net revenue estimates for fiscal 2000 after ongoing 6.2 trillion yen tax cuts and an increase in the consumption tax to between 7 percent and 10 percent in April 1997.

The consumption tax is currently levied at 3 percent.

The estimates were just mechanical calculations for the government's Tax Commission to promote "quantitative," instead of simply abstract, discussions, Fujii told a news conference after a morning cabinet meeting.

"If requested to offer additional estimates, we must consider doing so," he said, noting the report does not include any policy implications from the ministry.

Against this backdrop, Fujii said the report omitted all items that need policy decisions such as correction of unfair tax systems and administrative reform.

The report, submitted at the request to the Tax Commission and the ruling coalition parties, drew the criticism that it failed to include a tax hike to under 7 percent, a natural tax revenue increase, or possible effects of fiscal and administrative overhauls.

It also met criticism by setting conditions for redemption of stopgap bonds in 10 years and financing an expected increase in welfare spending entirely by way of the tax hike. The stopgap bonds are to fund the three-year time lag between tax cuts and the hike.

After reviewing the report Friday, the ruling coalition government asked the ministry for further estimates, including a consumption tax hike of between 4 percent and 6 percent, a "natural" revenue increase, and a 20-year maturity for the stopgap bonds, a ministry official said.

Some members of the advisory panel to the prime minister also urged the ministry at a meeting last Friday to brief them on estimates for a consumption tax hike to 6 percent, panel members said.

Referring to the delayed official signing of a merger by three second-tier regional banks, Fujii said that it stemmed from "clerical problems," adding there will no change in the merger planned for January, 1995.

Kita-Nippon Bank, Tokuyo City Bank, and Shokusan Bank said Monday they will postpone the signing slated for Tuesday because of a backlog in paper work.

But labor unions have voiced strong opposition to the move, posing a threat to the planned January merger.

This would be a big blow for the Finance Ministry, which is positively backing such a merger to revitalize the banking industry.

Fujii said, "we believe the merger will benefit the region's economy."

Fujitsu To Launch Internet Network Service

*OW2805064894 Tokyo KYODO in English 0621 GMT
28 May 94*

[Text] Tokyo, May 28 KYODO—Japan's top computer maker Fujitsu Ltd. said Saturday [28 May] it will launch Wednesday a new service for Internet, the world's largest computer on-line network.

The Tokyo-based company said it will establish access points in Tokyo and Osaka initially, which will be expanded to six other major cities such as Sapporo, Sendai, Nagoya and Fukuoka in July.

Internet is an on-line network for computers with common protocol and address architecture. It is linked to about 5,000 government and academic networks in more than 140 countries around the world.

Customers will have access to a huge volume of information through electronic mail.

Fujitsu said it plans to further expand its Internet access service using its own value-added network to cover 52 cities across Japan in three years.

Company officials said universities and enterprises in local areas will be able to have access to internet by calling access points in major cities.

About 43,000 host computers with access to Internet were in operation in Japan as of October last year, according to industry sources.

Fujitsu said the initiation fee for subscribers using telephones or the integrated service digital network will be 30,000 yen, plus 30 yen per minute for access to Internet.

For those with leased closed circuits, the initial cost will be 50,000 yen, plus monthly charges of ranging from 150,000 yen depending on transmission speeds.

MITI Group Urges Safe Nuclear Power Stations

*OW2705144394 Tokyo KYODO in English 1407 GMT
27 May 94*

[Text] Tokyo, May 27 KYODO—An advisory group to the minister of international trade and industry urged safe nuclear power stations that do not require much manpower to manage, in a midterm report it compiled Friday [27 May].

The report noted that the number of nuclear power stations that have been operating a long time will increase in the future, but there will be fewer people to tend to the growing need for repair.

To cope with the problem, the report urged the use of computers for maintenance and periodic checks. It also said technology should be applied in a way that does not harm people or the environment when the power stations are dismantled or waste is disposed of.

Lightwater reactors to be built in the future should be designed so that they require little manpower, the report said.

In addition to aiming for environmentally friendly plants, the report pointed to the need to gain and understand the opinions of people residing near the plants.

Unemployment Rate Recorded Down to 2.8 Percent

*OW3105025694 Tokyo KYODO in English 0035 GMT
31 May 94*

[Text] Tokyo, May 31 KYODO—Japan's unemployment rate in April stood at a seasonally adjusted 2.8 percent, down 0.1 percentage point from March, the Management and Coordination Agency said Tuesday [31 May].

An agency official, however, remained cautious in predicting whether the situation will show a clear pickup sign in the near future.

Since the collapse of the so-called "bubble" economy in the late 1980s, the employment situation has steadily deteriorated.

In a separate report, the Labor Ministry said the ratio of job offers to seekers in April was unchanged from March's seasonally adjusted 0.66.

That means there were only 66 jobs offered for every 100 job seekers in the month. The ratio, an indicator of labor demand, has hovered between 0.65 and 0.69 for the past eight months, a ministry official noted.

In April, job offers dropped a seasonally adjusted 0.6 percent from the previous month, while the number of job seekers increased 0.5 percent.

Job offers increased 1.3 percent in the construction industry from a year earlier, but declined in other

sectors. Job offers in the manufacturing sector showed a 21.6 percent fall as a whole.

The number of unemployed people totaled 1.94 million in April, up 23.6 percent from a year earlier but better than the 2.08 million people reported in March.

By industry, the number of jobholders in the construction industry rose 3.2 percent from a year earlier, but those in manufacturing sectors fell 1.1 percent, marking the sixth straight month of declines since last November.

The Management and Coordination Agency, meanwhile, reported the economic slump pushed the numbers of unemployed new college graduates up to their highest level for the month—150,000—since the survey was begun in 1984.

Though the figure of 240,000 for March was the highest monthly figure recorded in the history of the survey, the agency said the April figures are a more reliable indicator since many graduates undergo a transition in March.

Comparing the April figures for each year, the agency said the number of unemployed college graduates had peaked at 130,000 in 1986 before gradually declining to 60,000 in 1991.

It added that the number of students who were finishing school in March and were still without prospective jobs as of February, reached 1.06 million this year, 110,000 less than the number a year earlier.

Jobs for male graduates were down by 40,000, while those for female counterparts were cut by 60,000, the agency also said. Jobs for female graduates of four-year colleges or postgraduate education were particularly down this year, it added.

Survey Says Bright Signs in Jobs Market

OW3005132394 Tokyo KYODO in English 1256 GMT 30 May 94

[Text] Tokyo, May 30 KYODO—Bright signs have appeared on the horizon for Japan's jobs market, with fewer firms complaining that they are overstaffed, a Labor Ministry survey showed Monday [30 May].

The survey, based on hearings at about 1,000 major firms in late April, found that about 40 percent, or 10 percent points less than in the previous poll in late January, still feel they are laden down with an excessive workforce.

About 50 percent, also 10 percent points less, said they were implementing some kind of labor-cutting program.

The results are in line with another finding in the survey that about 50 percent of those polled saw the business climate as bad, down about 10 percent points from the January poll.

Employers remain cautious, however, with only 10 percent of firms intending to increase recruitment for the next fiscal year.

Thirty percent of those surveyed are planning to skip or reduce the number of recruits, while another 30 percent plan to keep next spring's recruitment at this fiscal year's levels.

Mongolia

U.S. 'Extending' Influence Into Mongolian Plateau

OW3105135694 Tokyo KYODO in English 1331 GMT 31 May 94

[Text] Ulaanbaatar, May 31 KYODO—A document circulated among inner government circles in China warns that a United States-backed Pan-Mongolian movement could lead to the partitioning of China, it was learned Tuesday [31 May].

Relations between China and Mongolia are on the surface good, following a visit to Mongolia in April by Chinese Premier Li Peng to sign a new Sino-Mongolian friendship pact.

But the document warns that China should move to head off the development of a Pan-Mongolian ideology because it could threaten China's territorial integrity.

The document was published in October by a public research institute specializing in Northeast Asian affairs in China's Inner Mongolian Autonomous Region.

Mongolia is home to some 2.1 million Mongols, but the autonomous region has 4.8 million, while a further 300,000 are in Russia.

The document cites as symptomatic of the problem the first world conference of Mongolian peoples, held in the Mongolian capital of Ulaanbaatar in September last year.

It says the conference strengthened Pan-Mongolianism and says that "this fundamental problem which is related to the partitioning of China cannot be ignored."

Noting that organizers of the conference visited the U.S. prior to the forum, the document said "the U.S. is extending its evil influence into the Mongolian plateau and is trying in the background to stab China with a sword it calls democracy."

The document also says Mongolian unification has supporters in Japan.

It suggests that China should prepare for a lengthy struggle and warns of the growth of ethnic movements in the former Soviet Union.

Indonesian Official Visits, Signs Memorandum

*BK0106131894 Ulaanbaatar MONTSAME in English
1107 GMT 31 May 94*

[Text] Ulaanbaatar, May 31 (OANA-MONTSAME)—In reference to the outcome of the visit of the Deputy Chairman of the Parliament of Indonesia Suryadi staying in Mongolia from 24 May to 31 there has been signed a memorandum today. In the memorandum signed the two sides expressed their readiness to promote in future the strengthening of political, economic trade relations between the two countries.

After signing the memorandum Suryadi has departed for home.

MONTSAME Publishes Press Reviews

Press Review for 26 May

*BK2605015494 Ulaanbaatar MONTSAME in English
1201 GMT 25 May 94*

[Text] Ulaanbaatar, May 26 (OANA-MONTSAME) [dateline as received]—The official newspaper "ARDIYN ERH" informs that the spring session of the Great State Hural has accomplished the discussion of the draft law on the protection of historical and cultural monuments. According to the draft law the monuments of culture and history having been illegally taken abroad should be declared to be the state-owned property and the responsibility for their returning home will be born by the Central Organization of Culture under the jurisdiction of the government. The law will take force starting 1 September of the year.

The newspaper publishes an article by an MP T. Sultan [name as received] devoted to the problem of privatization of houses in which he is standing for the free turning over the houses to their tenants. The author provides a number of reasons explaining his suggestion including that that many old dwelling houses have already been re-paid, the tenants have to carry out the repairing at their own expenses and that the state will gain proper profits in the form of payments for electricity and water supplies stressing the fact that the city resident has not mainly got in his possession any other property apart from his own house where he lives which is the most significant and strong argument.

According to the newspaper, the former premier of Mongolia D. Byambasuren [name as received] has been called to criminal responsibility as an accused one. The General Prosecutor's Office charges D. Byambasuren that he when being on the post of prime minister was well aware of the losses due to banking arbitrage transactions and did not take proper measures in due time being thus guilty in irresponsibility in reference to his official duties which caused great damage to the state.

The newspaper informs that at the invitation of the Great State Hural a parliamentary delegation from Indonesia headed by its Deputy-Chairman Surjadi has

arrived in Mongolia. The delegation was met at the airport by the Deputy Chairman of the Great State Hural of Mongolia J. Gombojab.

The governmental newspaper "DZASGIIN GADZRYN MEDEE" reports that the president of the country P. Ochirbat will visit the Dornod Aymag from 25 to 28 May. In the course of the trip the president will get acquainted with the activities of some border units and call on the Halhgoi and Sumber Somons. Also the Prime Minister P. Jasray took a working trip to the Dundgobi and Omnogobi Aymags during which he acquainted with the work of local enterprises and economic entities and was holding meetings with the working people.

The newspaper informs that an "Mongolian Technology and Invention-94" exhibition was opened in the Mongolian capital at which displaying more than 100 new products, 300 kinds of commodities and above 500 rationalization suggestions are over 200 economic entities and enterprises of the country.

Press Review for 27 May

*BK2805122594 Ulaanbaatar MONTSAME in English
1248 GMT 27 May 94*

[Text] Ulaanbaatar, May 27 —OANA-MONTSAME—The official newspaper "ARDIN ERH" informs that the President of Mongolia P. Ochirbat has sent a telegram of congratulations to Roman Hertsog in connection with his election to the post of federal president of the Federative Republic of Germany.

At the holding here spring session of the Great State Hural of Mongolia there has been discussed the proposal by the government on joining Mongolia the New York convention on admitting and implementing decisions by the foreign arbitration.

The newspaper carries the greetings by the President of Mongolia P. Ochirbat to the delegates of the 14th congress and members of the trade and industrial chamber of the country and publishes the extensive report about the course of the congress. Discussed at the congress were the report on the work done and the report by the inspection commission of the trade and industrial chamber. Chairman of the Mongolian Trade and Industrial Chamber was elected D. Hurts.

According to the newspaper, the Government of Mongolia has taken a decision on demobilizing private servicemen and sergeants in connection with the expiration of term of office of the active military service for all kinds of troops as well as on starting calling up for military service for 1994 year since 15 June and 15 October.

In its traditional heading "From Dawn to Dusk" the central official organ of the state is providing a number of materials about the developments in the country. For instance, it is reported that in the Hobd Aymag the losses in the number of young animals have risen 2.3 times against the relevant period of the previous year. It is said

that for this year in the Selenge Aymag were recorded 18 fire cases extending to over 23 thousand hectares of forest and steppe lands.

The newspaper gives an article by Deputy Minister of Demographical Policies and Labour P. Byambatseren on the social insurance of the population. The author stresses that one of the major topics of ensuring the living standards for the population is the improvement in labour employment and reduction in the rate of deployment. It is only for the beginning of the current year that the number of people having to seek intensively a job being registered in proper labour providing organizations has reached 71.9 thousand which is by 16.5 thousand more than it was recorded in the same period of the last year.

The newspaper also publishes the travel notes by its correspondent T. Nergui who had been recently to India.

The capital newspaper "NIYSLELIYN SONIN BICHIG" is allotting a substantial place for the materials devoted to the 355th anniversary of the foundation of the Mongolian capital—Ulaanbaatar city so, the City Committee of the ruling Mongolian People's Revolutionary Party has arranged timed to this noticeable date the championship of the city in basketball among the leavers of secondary schools of the city.

The newspaper provides a detailed report on the regular sitting of the council under the mayor of the capital. During the sitting there were discussed such issues as the laying in of hay, potatoes and vegetables as well as the silage for dairy producing companies.

Press Review for 31 May

*BK0106124394 Ulaanbaatar MONTSAME in English
1101 GMT 31 May 94*

[Text] Ulaanbaatar, May 31 (OANA-MONTSAME)—The newspaper "ARDIYN ERH" informs that the president of the country P. Ochirbat has come back to Ulaanbaatar from the Dornod aymag in the eastern area of Mongolia of completing his three-day-long working trip on a number of somons, frontier troops units and divisions. It is reported that staying here at the invitation of the Mongolian parliament a parliamentary delegation from Indonesia has called on the president of Mongolia P. Ochirbat.

The Mongolian central press continued covering widely the spring session of the Great State Hural of Mongolia. According to the newspaper "ARDIYN ERH" during the session there has launched a heated debate around the issue on pension insurance to be provided for the herdsmen of the country. A lot of members of the parliament were of opinion that all the herdsmen irrespective of the number of their cattle should be covered by the state pension insurance system.

The newspaper also publishes information about the departure of the head of the foreign policy department of Mongolia T. Gombosuren for participating in the work

of the 11th Conference of Ministers of Foreign Affairs of Non-Aligned Countries opening today in the capital of Egypt and the premiere of the opera by the great Italian composer G. Verdi "The Trumpeter" on the stage of the State Academic Theatre of Opera and Ballet of Mongolia as well.

The newspaper carries an interview with the President of the Mongolbank D. Molomjamts. The interview by the head of the central bank of Mongolia was given to the newspaper in connection with the 70th anniversary of the bank establishment in the country. Of today the Mongolbank is maintaining relationships with nearly 40 banks of foreign countries. The size of the assets capital of the Mongolbank amounts to one billion tugriks, that is, at its possession are proper currency reserves quite enough for guaranteeing by its assets of all the money being in circulation.

The newspaper provides some information concerning the international aspect of the life of the country and publishes an interview with the consul of Mongolia in the Italian triest city Italian Aldo Colleto. Aldo Colleto visited Mongolia for the first time in 1974. Ten years later on his initiative in the triest was created a society for Italia-Mongolia friends.

North Korea

Foreign Ministry Responds to UN Statement

*SK0106154894 Pyongyang KCNA in English 1529
GMT 1 Jun 94*

[“Statement of UN Security Council President on Replacement of Fuel Rods Refuted”—KCNA headline]

[Text] Pyongyang, June 1 (KCNA)—A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea today published a statement refuting the statement of the president of the Security Council of the United Nations decrying the DPRK over the replacement of fuel rods at a reactor.

Follows the full text of the statement:

The United Nations Security Council, on May 30, according to a scenario which had been worked out by some member states, published a statement of its president groundlessly slandering the DPRK and containing the unreasonable claim that the fuel rods must be replaced strictly in compliance with the practical demands of the International Atomic Energy Agency (IAEA) and the opportunity of selected separation and preservation of fuel rods might be lost. It is entirely wrong for the Security Council to have discussed the question of the DPRK on the basis of the wrong judgment made by the secretariat of the agency without any justifiable reason.

It was only a few days ago that negotiations on the refueling of the 5 megawatt experimental atomic power station was held between the DPRK and the agency.

The main question discussed at the negotiations was the preservation of technical possibilities of future measurement of replaced fuel rods and there was a sufficient debate on the reasonableness of the method applied by the DPRK at present.

The agency said it would seriously study that method and the two sides agreed to continue to discuss it in the future negotiations.

And it was confirmed that none of the fuel rods replaced this time had been diverted to another purpose and, practically, the whole course of current refueling is going on in the presence of agency inspectors and under a strict control of inspection cameras.

We must ask what justification the UN Security Council has to put the question of the DPRK on its agenda and discuss it now.

If things were to take a correct track, the Security Council should have called in question not the DPRK, but some quarters of the agency secretariat.

Before starting refueling, we had requested the agency several times to take necessary measures such as its presence and the removal of the seals. But it failed to send a group of inspectors till refueling began, thus openly neglecting its duty as an international organisation. This was what some quarters of the secretariat did.

Even when we allowed "an additional inspection" which alluded to "an inspection left incomplete" at the time of the inspection in March, they shunned it, thus intentionally ignoring the statement of the president of the UN Security Council dated March 31.

It was also the IAEA Secretariat that distorted the fact by talking as if the negotiation had broken down and hurriedly transferred the problem to the UN Security Council without a clear explanation, categorically denying the method of the DPRK even before the negotiating delegation of the IAEA which had promised to study it arrived at the head office in Vienna.

This act was aimed at putting the DPRK in the "[word indistinct]" by justifying their past behavior in concocting "inconsistency" against the DPRK on the basis of false information.

It is only too natural that DPRK which has engaged itself only in peaceful nuclear activities as a dignified independent, sovereign state will not yield to such unreasonable act of the IAEA Secretariat and allow itself to be treated as an "offender."

So, the UN Security Council, instead of finding fault with the DPRK, should have taken issue with some officials of the IAEA Secretariat who laid hurdles in the way of the DPRK's peaceful nuclear activities, framed a sinister political intrigue to shift the blame on to the DPRK and transferred the problem to the United Nations.

It is also self-contradictory that the presidential statement of the UN Security Council unreasonably urged the DPRK to allow selected separation and preservation of fuel rods and preservation of the possibility of future measurement.

Since we are in a unique status after a temporary suspension of the effectuation of our declared withdrawal from the NPT [Nuclear Nonproliferation Treaty], it is clear that we cannot accept such routine and ad hoc inspection as selected preservation of fuel rods. A full understanding of this was reached at the recent negotiations with the IAEA.

Although we are refueling the reactor in a unique status, we are doing the utmost to show the transparency of our nuclear activities.

The refueling is taking place in such a manner as to fully preserve the technical possibility of measuring the fuel rods as requested by the IAEA when our unique status comes to an end.

This is a most scientific and realistic method invented by our scientists and facility operators with a high sense on cooperation, motivated by their consistent position to show the uprightness of the nuclear activities. Its feasibility has fully been proved through experiments.

If this method of our style is applied, it will be possible to reproduce the channel and order of any fuel rods and measure them correctly in the future.

At the recent negotiations in Pyongyang, we gave the IAEA side a full explanation of our-style method concerning the replacement of fuel rods and suggested with a good intention that if there were any more questions to be discussed, negotiations should be held any time.

There have been attempts these days to create the "urgency" of the situation by alleging that the pace of the refueling is too fast. Since it is part of the pure peaceful nuclear activities and technical possibilities for ensuring the continuity of safeguards and measuring fuel rods in the future are fully guaranteed, there is no ground for taking issue with the speed of refueling.

It was necessary to test the maximum efficiency of the refueling machine that our refueling progressed at a rather fast speed some time ago. This was also a normal course of the peaceful nuclear activities. So, this is hardly a matter for surprise.

Such being a case, at a time when everything is progressing on a normal track, the UN Security Council discussed the biased report submitted by some officials of the IAEA Secretariat without any examination and hurriedly adopted a presidential statement. It is really hard to understand.

This was because they were too dull to sense the reality or they were affected by some sinister political background.

If the UN Security Council, for this matter, is disgracefully charged with being manipulated by some specified member nations while ignoring its noble mission to be responsible for world peace and security, it will be a shame to history.

Originally, the foundation of the existence of an international organisation is impartiality.

If the IAEA Secretariat and the UN Security Council, bereft of impartiality, insist on pressure with an unreasonable intention [words indistinct] feel any need to be restricted by such pressure.

It is more than intolerable that we have suffered from big obstacles in our peaceful nuclear activities, restricted by the unilateral demand of the IAEA. In case pressure is put on us again, we will no longer fall a victim to the unreasonable demand but will have to go our own way, unhindered by anything.

This is the unshakable will of the Korean people, who regard independence as their life and blood.

If some officials of the IAEA Secretariat declare that the technical possibilities of the future measurement of fuel rods were gone or the UN Security Council put pressure on the DPRK, threatening "sanctions" under that pretext, we cannot but take decisive countermeasures, rather freeing ourselves from such unreasonable restrictions than suffering from them, and we will be left with no other choice but to [word indistinct] over to the continuous process of the peaceful nuclear activities. We will respond any time with utmost sincerity to the intention to deal with the issue in a fair way and resolve it in a peaceful way through dialogue. But we will counter without slightest compromise any intention to unjustifiably put pressure on us, ignoring our sovereignty, if but a little.

N-S Reunification by Confederal System Backed

SK2905064694 Pyongyang Korean Central Broadcasting Network in Korean 1225 GMT 27 May 94

[NODONG SINMUN 27 May commentary: "A Shameful Spokesman for Splittist Forces"]

[Text] The Japanese reactionaries and the South Korean puppets are making an attempt to arouse the public opinion by slandering our reunification formula through a confederal system, regarding the fact that Yemen, which was reunified four years ago, has recently entered into a situation of internal conflict.

Japan's SANKEI SHIMBUN reported in an article regarding the internal conflict in Yemen that the confederal system—under which the North and South would be reunified by leaving their systems as they are without a political merger on the Korean peninsula—is shaky, and that it may even bring about a war.

South Korea's CHOSON ILBO reported that reunification through the confederal system would promise [word

indistinct] caused by the internal conflict in the future, and that a war must be avoided even if the reunification is delayed.

Such assertions by some Japanese and South Korean newspapers, as backing sophistry made by splittist forces at home and abroad, have created obstacles to the reunification of Korea and, also, are insidious plots to perpetuate national division and confrontation.

As reported by foreign newspapers, the reason for Yemen's plunge into a crisis situation today, due to its bloody internal conflict, is not only because it is reunified without achieving reconciliation and unity between North and South Yemen, but because it was not able to guarantee the balance of power or merge the Armed Forces even after the reunification. Considering the background of its internal conflict, this will clearly prove the justification and reasonableness of our reunification formula through the confederal system.

It is reported that North and South Yemen have reunified their country based on an agreement between the heads of the two sides without achieving reconciliation and unity. On the other hand, our reunification formula through the confederal system clearly defines an ideological basis and principle of the great unity of the whole nation for national reunification. This reunification formula is based on the national sentiment and an ideology of national independence, as well as plans to establish a national reunified state embodying the principle of promoting coexistence, coprosperity, and public interests.

Our reunified state through the confederal system regards the common demands and interests of the nation as its basic mission and, also, is the most reasonable form as a reunified state that makes it possible to achieve national unity, transcending the difference of ideas [sasang], ideology [inyom], and systems.

Our reunification formula through the confederal system gives the highest priority to the nation over the system and, also, is the reunified formula deployed based on national ideology. Therefore, this formula has elucidated the most practical and reasonable way to realize national reunification by achieving national reconciliation and unity even under the situations in which the two different systems exist between the North and South.

It is also reported that the merge has been made in Yemen without a structural guarantee that can sufficiently maintain the balance of political forces representing the North and South. However, our reunification formula through the confederal system has prepared a structural guarantee that makes it possible to establish the national reunified government made up of the same number of delegates from the North and South based on the local governments that can fully exercise their autonomous rights; that enables the North and South to take turns in operating it and to equally share the function and authority of the confederal government and local government; and that makes it possible for other political forces to equally exercise their rights.

For the governments of the two regions of the North and South to equally participate in the confederal system guarantees equality in the two autonomous regions to consolidate national unity, equally realizes the interests of the two regions in operating the confederal system, and makes it possible to achieve common prosperity of the nation. This is a superior and unique form of a confederal system.

Then, in Yemen, the North and South maintained each other's forces and the leadership was unified in a situation in which it was under a separate control. Apart from this, our reunification method through the confederal system anticipates that each Army of the North and South be drastically reduced to 100,000-150,000 each; unify each other's Army to organize a single national united Army; and put this under the unified command of the confederal government. Therefore, apprehensions on invasion from the North, invasion from the South, victory over communism, and communization will disappear, and there is a military security device to maintain solid peace.

Truly, the fatherland's reunification method through the confederal system based on one nation, one state, two system, and two governments, is the most just and practical national reunification program which makes it possible to most quickly realize the country's reunification independently and peacefully without someone not swallowing the other or being swallowed by the other under the condition in which other ideology and systems exist in North and South Korea.

As we have seen, there is a fundamental difference in the principle of reunification, method, and content in the process of unification in Yemen and our reunification method through the confederal system. Nevertheless, slandering our reunification method through the confederal system by unreasonably linking it with the Yemen situation, without even researching it, stems from an insidious political goal.

The Japanese reactionaries and the South Korean puppets are opposing our reunification method through the confederal system to perpetuate Korea's division, and are persistently preventing peace and reunification on the Korean peninsula.

In connection with the Yemen situation, some media in Japan and South Korea are slandering our reunification method. This speaks for the true intention of the insidious forces who want to perpetuate division.

For the media, which regard justice and truth as life, to become a tool of the splittists opposing peace and reunification on the Korean peninsula which the Korean people and the world's peace-loving people are consistently desiring, is indeed nothing but a shameful act of tarnishing their own face.

Our reunification method through the confederal system is receiving a wide range of support and approval from the fellow countrymen of the North, South, and overseas

in its justness and practicality with each passing day. Splittists at home and abroad cannot prevent our nation's strong trend which is moving toward the fatherland's reunification with any kind of schemes, obstructions, and maneuvers.

Through united strength, our nation will eliminate barriers and difficulties lying ahead in the road of the fatherland's reunification, and realize the country's reunification without fail according to the reunification method through the confederal system.

ROK Military's Special Alert Status Viewed

*SK0106092094 Pyongyang Korean Central
Broadcasting Network in Korean 0800 GMT 1 Jun 94*

[Text] According to a radio report from Seoul, traitor Kim Yong-sam held a security-related ministers meeting at Chongwadae [presidential office] on 30 May and made a bellicose, violent remark by saying that it is necessary to have a 24-hour operation of the early warning system, that it is necessary to strengthen the South Korea-U.S. joint alertness and so on. The traitor also ordered a special alert and emergency alert for the whole army and the police from 31 May.

A few days ago, the traitor inspected on-the-spot the actual fighting combat readiness by the units of the puppet's army, navy, and air force in the front line area and instilled the war fever. The reason that he ordered a special alert and an emergency alert, convened a security-related ministers meeting, and decided to strengthen joint alertness by making violent remarks of war, hints that the military moves to put into practice the new Operation Plan 5027, which is a war provocation to invade the North, has emerged into an extremely dangerous stage.

This kind of military move clearly proves itself that the Kim Yong-sam ring is truly through and through a warmonger all the more running toward the adventurous road of war opposing the fellow countrymen by conspiring with the outside forces.

Pomminnyon Protests ROK Police Search

*SK2805061694 Pyongyang KCNA in English 0558
GMT 28 May 94*

[Text] Pyongyang, May 28 (KCNA)—The preparatory committee for the formation of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) published a statement on May 26 under the title "We Denounce in the Name of the 70 Million Fellow Countrymen Such Outrages as Confiscation, Search and Telephone Cutoff on the Office of the South Side Headquarters of Pomminnyon Committed by the United States and the Kim Yong-sam 'Regime' To Foil the Second Meeting of the Joint Presidium of Pomminnyon".

The statement said the meeting was due to be held on May 26 with the headquarters of the North, the South

and overseas dispatching their views on the agenda to the joint secretariat in Tokyo, Japan, by using telephone and fax and the joint secretariat coordinating it. But the United States and the Kim Yong-sam regime sent ten odd policemen to the office of the South side headquarters of Pominnyon on the morning of the day of the meeting to cut off the telephone, search and seize all documents, and illegally kept the telephone line cut off till 13:00. It noted, and went on:

Such outrage could not be seen even under the preceding No Tae-u military regime. When the first meeting of the joint presidium of Pominnyon was held in 1992, even the No Tae-u military regime dared not commit such outrage.

Thus, the violence this time fully revealed the anti-reunification nature of the Kim Yong-sam regime styling itself a "civilian government."

It does not make sense at all for the Kim Yong-sam regime to hold sway over the reunification question.

Moreover, the United States, a chief culprit in the division of the Korean peninsula and which is raking in profits from it, can neither bring nor want an independent and peaceful reunification of our country, and the Kim Yong-sam regime wholly dependent on the United States, as clearly seen in the "Uruguay Round negotiations" and in the countermove over the "nuclear issue" of the North, cannot bring an independent and peaceful reunification of the country.

If the Kim Yong-sam regime repent of its crimes in the past and take progressive steps for the independent and peaceful reunification of the country, though belatedly, it can be pardoned in the spirit of the great national unity, but if it continue committing anti-reunification, anti-national acts, we will fight against it together with the 70 million fellow countrymen.

Daily Encourages ROK 'Struggle' for Rights

SK0106051894 Pyongyang KCNA in English 0419 GMT 1 Jun 94

["S. Korean Workers' Struggle Cannot Be Checked"—KCNA headline]

[Text] Pyongyang, June 1 (KCNA)—The South Korean workers will surely have their just demand met by more staunchly struggling to frustrate the crafty tricks of the Kim Yong-sam group and win democratic freedom and vital rights, stresses a NODONG SINMUN commentary today.

The analyst says:

Recently, trade unions of big businesses in South Korea including the Hyundai Heavy Industries and the Daewoo Shipbuilding on Koje Island declared that they would start a full-dressed struggle in June demanding wage hike, the reinstatement of expelled workers and the participation of trade unions in management. It is fully

justifiable because it reflects their strong will and resolution to win vital rights and democracy without fail.

South Korean workers are now subjected to medieval toil for 13-16 hours a day to be paid low wages far below the minimum living cost.

The analyst further says:

When he came to power, the traitor Kim Yong-sam committed himself to build "a society where people who sweat are well off." But he has driven them to the bottom of destitution by freezing their wages with the doctrine of "sharing sufferings."

The Kim Yong-sam group is urging the workers to obey the demand of the businesses, blaring that this year will be made "the first year without labour-capital dispute" and "labour-capital cooperation" is necessary to win the competition.

The massive struggle declared by the South Korean workers again, however, clearly indicates that any threat and crafty trick can never break their will to win their vital rights and democracy through struggle.

Public Figures Denounce U.S. 'Anti-DPRK Campaign'

SK3105104394 Pyongyang KCNA in English 1021 GMT 31 May 94

[Text] Pyongyang, May 31 (KCNA)—The World Federation of Trade Unions and foreign public figures denounced the anti-DPRK campaign of the United States and its followers.

Jaroldo Rima, chief of the group of the communist members of the Chamber of Deputies of Brazil, in his speech at a session of the National Congress on May 17 said that the United States is scheming to take sanctions against the DPRK through the UN Security Council, clinging to military means under an unreasonable pretext. "This is an open attack on the socialist system of Korea," he added. "We denounce the U.S. imperialist policy and express solidarity with the government and people of the DPRK in their struggle to defend the sovereignty of the country and the dignity of the nation," he stated. He demanded that the government of Brazil maintain an independent and fair stand towards the situation prevailing in the Korean peninsula.

The World Federation of Trade Unions in a statement on May 18 hoped that the row over "nuclear suspicion" against the DPRK and the aggravation of tensions on the Korean peninsula by the United States and South Korean authorities would be terminated. "The workers and trade unions of the world would fight to this end," it declared.

Abdul Malik, secretary general of the Karachi branch of the Pakistan-Korea Friendship Association, said in his writing addressed to the U.S. President, the U.N. secretary-general, the general director of the International

Atomic Energy Agency, the puppet president of South Korea, political and public figures of Pakistan and diplomats of different countries in Pakistan on May 22: "The nuclear issue of the Korean peninsula is a matter to be resolved between Korea and the United States because it was caused by the United States."

He stressed that the United States should act with discretion, though belatedly.

Foreigners Support Korean People's 'Cause'

*SK3005110994 Pyongyang KCNA in English 1019
GMT 30 May 94*

[Text] Pyongyang, May 30 (KCNA)—Foreigners expressed full support to the Korean people's cause of justice.

Jean Pierre Ngambi, general secretary of the Communist Party of Cameroon, upon handing over to the Korean ambassador to Cameroon on May 19 a signature paper after participating in a signature campaign for supporting the "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country", said Korea should be reunified through a confederacy on the basis of the three principles of national reunification and the "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" laid down by President Kim Il-song.

To this end, he said, the concrete wall, an obstacle to the reunification, must be dismantled and foreign interference and nuclear threat on the Korean peninsula be removed at an early date.

The Malaysian paper NANYANG SIANG PAU May 19 quoted the Malaysian foreign minister as saying recently that the best way of resolving North Korea's "nuclear issue" is negotiations through diplomatic channels. The newspaper described as stupid and extremely irresponsible the talk within the United States about "possibility and desirability of a war in Korea".

Amaral Matos, first executive secretary of the Mozambican Committee for Friendship With the People of the DPRK, in a statement May 23 said the DPRK has advanced most reasonable, realistic and fair reunification proposals on many occasions, but the South Korean authorities objected to the proposals categorically, and this shows that they have no intention for reunification.

He stressed that the way of accelerating Korea's reunification is for the whole nation to firmly unite under the banner of the "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country".

KCNA Reports Groups Denounce U.S. Policy

*SK3005110794 Pyongyang KCNA in English 1008
GMT 30 May 94*

[Text] Pyongyang, May 30 (KCNA)—Solidarity campaigns supporting the Korean people and denouncing the U.S. policy of stifling the Democratic People's Republic of Korea have been widely conducted in the last two months in more than 100 countries on the five continents of the world.

Heads of state and government and party leaders of many countries expressed positive support to the just struggle of the Korean people against the anti-DPRK moves of the United States and its followers and contended that the nuclear issue of the Korean peninsula must be settled through negotiations and dialogues, not by means of pressure and sanctions. Among them were Pakistani President Sardar Farooq Ahmed Khan Legari, Congolese President Pascal Lissouba, Second Vice-president of the United Republic of Tanzania and Zanzibar President Salmin Amour, Senegalese Prime Minister Habib Thiam, Malian Prime Minister Ibrahim Boubacar Keita, General Secretary of the Communist Party of the Peoples of Spain Juan Ramos and General Secretary of the Communist Party of Cameroon Jean Pierre Ngambi.

Mass rallies and protest demonstrations took place in Cuba, India, Nepal, Lebanon, Mozambique, Zaire, Ethiopia, Peru and many other countries.

Participants in the rally in Nepal including leading officials of political parties and organizations and members of parliament staged an anti-U.S. demonstration and handed over to the U.S. Embassy a protest letter to the U.S. President which was signed by more than 100 political and public figures of Nepal including the chairman of the Nepal Workers and Peasants Party and the president of the C.C. [Central Committee], the Nepal Communist Party (United Marxism-Leninism).

Representatives of some 20 political parties and organizations and masses, including the New Communist Party of Great Britain, the Britannic Communist Party and the British anti-imperialist youth organization staged an anti-U.S. demonstration in front of the U.S. Embassy in London.

A mass rally was held in front of the U.S. Consulate in Chile under the sponsorship of the Communist Party of Chile (Action of Proletariat) and a statement was adopted there, and participants in a sit-down which took place in front of the U.S. and Japanese Consulates in Sankt-Peterburg, Russia, handed over to officials of the consulates a statement of the Leningrad committee of the All-union Bolshevik Communist Party.

The Central Executive Committee of the National Council of the Communist Party of India, the Communist Party of Bangladesh, the National Liberation Front Party of Jordan, the National Committee of the

Workers' Party of Zaire, the Polish League of Communists (Proletariat), the Romanian Socialist (Communist) Party, the Bulgarian Communist Party (Marxists), the Communist Party of the Russian Federation, the Secretariat of the C.C., the Socialist Party of Australia, the Revolutionary Socialist Party of Peru, the Communist Party of Ecuador, the Communist Party of Canada, the Communist Party of Brazil, the American Friends Service Committee, the chief of Staff of the People's Forces for the Liberation of Mozambique and many other political parties, organizations and individual figures published statements, press statements and appeals denouncing the U.S. acts of increasing the tensions on the Korean peninsula and calling upon the world progressive people to extend support and encouragement to the Korean people's struggle.

Publications Condemn U.S. Nuclear Pressure

SK3105102094 Pyongyang KCNA in English 1002 GMT 31 May 94

[Text] Pyongyang, May 31 (KCNA)—Publications of different countries hit out at the U.S. acts of aggravating the situation of the Korean peninsula.

The Zairean paper LA REFERENCE said the United States, styling itself the "only superpower" in the world after the collapse of the Soviet Union and East European socialist countries, is trying to bring all countries under its control, and that North Korea has become a target of such strongarm politics of the United States.

The Nigerian paper DAILY CHAMPION said the United States has broken down the third-round DPRK-U.S. talks and deployed Patriot missiles in South Korea, and this will only heighten the crisis.

A recent issue of the Nepalese paper NEPAL NEWS said the United States decided to resume the "Team Spirit" joint military exercises and deployed Patriot missiles recently under the pretext of the North's fictitious "nuclear issue". This shows that they have become an object of hatred by answering North Korea's peaceful efforts with confrontation, wrote the paper.

The May issue of the Nepalese magazine PURATIDHWANI said the United States invented Korea's "nuclear issue" and has aggravated the situation of the Korean peninsula on that pretext with the aim of destroying the Democratic People's Republic of Korea, a genuine socialist country embodying the chuche idea.

The April issue of another Nepalese magazine MULY-ANGKAN said the United States' impudent demand for an opening of North Korea's military sites is, to all intents and purposes, a provocative move to force a new war.

Repatriation of North Koreans in ROK Urged

SK3005111494 Pyongyang KCNA in English 1027 GMT 30 May 94

[Text] Pyongyang, May 30 (KCNA)—The release of an old man, An Hak-sop, and the repatriation of old men Kim In-so and Ham Se-hwan, unconverted long-term prisoners in South Korea, were urged strongly in different countries.

The secretary general of the Uganda-DPRK Friendship Association, the general secretary of the Ugandan Union of railway workers and the president of Chambogo Polytechnical College of Uganda in a letter sent in joint name to the International Red Cross on May 20, recalling that the South Korean authorities have kept An Hak-sop behind bars for 40 odd years and put him to all sorts of tortures for the mere reason that he refused to recant his belief in communism, called upon the organization to put strong pressure on the South Korean authorities to set him free.

Noting that the inhumanitarian act of not repatriating still now Kim In-so and Ham Se-hwan who should have been returned to their hometowns under the Korean Armistice Agreement deserves a strong denunciation, the letter strongly demanded their repatriation to the northern half of Korea.

Chairman of the Human Rights Committee of Nepal Budacharya Sakiya in his letters to the World Human Rights Committee and the South Korean authorities said Kim In-so and Ham Se-hwan should be repatriated at an earlier date so that they may enjoy a happy life with their families and relatives for the rest of their life.

The Nepalese intellectuals' forum for solidarity with the Korean people in its letters to the South Korean "president" and to the "president of the Red Cross" of South Korea on May 23 and 24 said the South Korean authorities' refusal to send back the old men Kim In-so and Ham Se-hwan contravenes the 1907 Hague Convention, the 1949 Geneva Conventions and the Korean Armistice Agreement. It urged their unconditional and immediate repatriation.

Inaugural Ceremony of Hanchongnyon Held in ROK

SK3005044894 Pyongyang KCNA in English 0521 GMT 30 May 94

[Text] Pyongyang, May 30 (KCNA)—The inaugural ceremony of the second-term South Korean Federation of General Student Councils (Hanchongnyon) was held at Chosun University in Kwangju Saturday, attended by more than 50,000 students from some 200 universities and colleges throughout South Korea, a radio report from Seoul said.

At the ceremony, Hanchongnyon adopted a five-point programme—opposition to outside forces, restoration of

national sovereignty, democratisation of society, reunification through confederation and promotion of campus democracy.

The students vowed to launch a movement of opposing the United States and ousting the "government" for the establishment of an independent democratic government and the reunification of the country.

They also held ceremonies to inaugurate the National Reunification Committee and the Committee for the Promotion of Campus Autonomy.

Prior to this, the students in groups of 300-400 held meetings on education, culture, health service and the press and marched downtown Kwangju, divided into regional federations of General Student Councils and conducted propaganda shouting "Scrap the 'National Security Law'" and "Stop to Nuclear War Scheme on Korean Peninsula."

About 700 students of the agricultural college handed to the "American Cultural Center" in Kwangju 150 post-cards declaring their "opposition to rice market opening."

More than 50,000 students under Hanchongnyon held a rally in Kwangju Sunday for a probe into the truth of the May 18 incident and held a demonstration demanding the punishment of the traitors Chon Tu-hwan and No Tae-u.

They condemned the sinister act of the United States in manipulating behind the scene the Kwangju massacre and strongly demanded the withdrawal of the U.S. Forces from South Korea.

Delegation Leaves for Nonaligned Meeting

SK2905000994 Pyongyang KCNA in English 1507 GMT 28 May 94

[Text] Pyongyang, May 28 (KCNA)—A delegation of the Democratic People's Republic of Korea headed by Kim Yong-nam, vice-premier and foreign minister, left here today to participate in the foreign ministers meeting of non-aligned countries scheduled in Egypt.

It was seen off at the airport by Kim Chang-kyu, vice-minister of foreign affairs, and Ahmed Shaheen, charge d'affaires ad interim of the Egyptian Embassy, and Qiao Zonghuai, Chinese ambassador to Korea.

Foreign Visitors Arrive

SK2905001194 Pyongyang KCNA in English 1509 GMT 28 May 94

[Text] Pyongyang, May 28 (KCNA)—Francisco Kzelberg, general secretary of the International Political Science Association, and Cuban woman lawyer Candelaria Rodriguez arrived here today by air.

Kim Il-song's Works Carried by Foreign Media

SK3005110894 Pyongyang KCNA in English 1013 GMT 30 May 94

[Text] Pyongyang, May 30 (KCNA)—"Answers to questions raised by the general director of the Latin America News Agency "PRENSA LATINA", a work of the great leader President Kim Il-song, was carried by the Yugoslav paper BORBA.

Quoting the work, the paper said:

In the work President Kim Il-song of the Democratic People's Republic of Korea said since the nuclear issue on the Korean peninsula has emanated from the United States' hostile policy towards the DPRK, it must be resolved through dialogues between the DPRK and the United States.

Noting that pressure can never be a solution to the problem, he said it is a miscalculation to think that they can bring the Korean people to their knees by means of pressure and force, the people who regard independence as their lifeblood. If the United States continues to clamour for putting pressure on the DPRK, the DPRK will be compelled to take due measures of self-defence to safeguard the dignity of the Korean nation and the sovereignty of the country, he stressed.

This work was also reported by the Yugoslav Tanjug News Agency and Belgrade radio and television, the Mozambican paper NOTICIAS, the Tanzanian paper DAILY NEWS, the Malaysian paper SIN CHEW JIT POH, the Thai paper SIN CHONG YUAN PAO, the Tunisian papers LA PRESSE and LE RENOUVEAU, the Pakistani papers MUSLIM, PAKISTAN OBSERVER, HABARE and MARGAJ, the Kazakh paper EXPRESS, the Indonesian Antara News Agency, a Malian radio and Madagascar radio and television.

His work "Answers to Questions Raised by a Delegation of Journalists of WASHINGTON TIMES from the United States" was carried by the Russian paper MOSKOVSKAYA PRAVDA, the Yemeni paper AL THA-ORAH and the U.S. paper INTERNATIONAL HERALD TRIBUNE.

Kim Il-song Receives Reply From Yasir Arafat

SK3005065894 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 23 May 94

[Text] The great leader Comrade Kim Il-song has received a reply from Yasir 'Arafat, president of Palestinian State and chairman of Palestinian Liberation Organization Executive Committee on his solidarity message to the latter.

The message reads:

Pyongyang,

Your Excellency DPRK President Kim Il-song: I extend my greetings to you, Your Excellency President Kim

Il-song. On behalf of the Palestinian people, members of Executive Committee of Palestinian Liberation Organization, and my own name, I extend my deep appreciation to you, Your Excellency, and to your government and to your friendly people through you, for your solidarity message supporting the Palestinian people's struggle.

In the message you have expressed a firm feeling of solidarity again. This proves how friendly and cooperative relations and solidarity between the people of our two countries are close and strong. We hope that we will be able to further deepen and develop the relations to comply with the common interests of the two countries' people, who want to secure peace and stability and to make progress and prosperity in our area, as well as in your area, thus making effort for its realization.

Since the signing of an agreement on the Palestinian autonomy in Gaza and Jericho areas, our Palestinian people have begun the work of laying foundations and building facilities urgently needed to establish the national government. With great trust and hope, our people, who have entered such an important stage, expect that all of our friends, as well as all people throughout the world, who love freedom, justice, and peace, are able to express their support and greetings needed to consolidate the basis of the Palestinian government.

Strengthening the basis of the Palestinian government guarantees security, peace, stability, progress, and prosperity of the people of all countries in our area. Also, this will be the first important step in maintaining the fair and durable peace in the Middle East region, enabling our Palestinian people to terminate Israel's occupation of their territory and to restore and exercise their legal national rights, including the rights to establish a independent state with the sacred area [kudosul] as its capital.

Finally, I extend my deep thanks to you, Your Excellency, once again, and wish you a long life and good health. I wish you success in your people's work for national reunification, progress, and prosperity. I extend my best regards and warmest greetings to you as well, Your Excellency. [signed] Yasir 'Arafat, president of Palestinian State and chairman of Palestinian Liberation Organization Executive Committee. [issued] 16 May 1994, Tunis

Regulations on Foreign-Owned Enterprises Issued
SK2805005894 Pyongyang KCNA in English 1502
GMT 27 May 94

["Implementing Regulations of DPRK Law on Wholly Foreign-Owned Enterprises Instituted"—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—Implementing regulations of the law of the DPRK on wholly foreign-owned enterprises was endorsed by decision No. 13 of the Administration Council of the DPRK on March 29, 1994.

The text of the implementing regulations reads:

Implementing regulations of the law of the DPRK on wholly foreign-owned enterprises

Chapter 1. General Provisions

Article 1. These regulations are intended to ensure the proper implementation of the law of the DPRK on wholly foreign-owned enterprises.

Article 2. A foreign investor (hereinafter called the investor) is allowed to set up and run a wholly foreign-owned enterprise inside the free economic and trade zone (hereinafter called the zone).

A wholly foreign-owned enterprise is a form of business whereby the investor establishes an enterprise with his own investment and has the right of independent management.

Korean nationals residing outside the territory of the DPRK are also allowed to set up and run a wholly foreign-owned enterprise inside the zone.

Article 3. A wholly foreign-owned enterprise shall become a body corporate of and be legally protected by the DPRK.

The investor and the wholly foreign-owned enterprise shall respect and strictly observe the laws and regulations of the DPRK.

Article 4. The establishment and operation of a wholly foreign-owned enterprise shall be subject to these regulations.

Any item which is not provided for in these regulations shall be subject to relevant laws and regulations of the DPRK.

Article 5. A wholly foreign-owned enterprise shall, in principle, be insured by an insurance agency of the DPRK.

Article 6. A wholly foreign-owned enterprise shall make in the Korean language financial documents and other documents to be submitted to institutions and enterprises of the DPRK and, if they are made in a foreign language, Korean translation shall be given.

Chapter 2. Establishment of a wholly foreign-owned enterprise

Article 7. The investor is allowed to set up a wholly foreign-owned enterprise in the following sectors;

1. Electronics, automation, machine building, power industries,

2. Food processing, garment, everyday consumer goods manufacture industries,
3. Building materials, pharmaceuticals, chemical industries,
4. Construction, transportation, service sectors,
5. Other necessary sectors.

Article 8. A wholly foreign-owned enterprise is allowed to be set up only if it satisfies any one of the following conditions;

1. It should be equipped with modern technologies including advanced technologies and up-to-date production facilities,
2. It should be able to produce internationally competitive goods,
3. It should be able to raise the quality of its products up to international standards.

Article 9. The establishment of a wholly foreign-owned enterprise is not allowed in the following cases;

1. In case it may endanger or hinder the security of the DPRK.
2. In case it may have an adverse effects on public health, landscape and resources of the country.
3. In case it uses equipments and production processes which are outdated economically and technologically.
4. In case products it makes have no or small demand locally and internationally.
5. In case the type of business and mode of management of the enterprise do not conform with or may have negative impact on the sound ideology, emotions, and living style of the people.

Article 10. The establishment of a wholly foreign-owned enterprise is not allowed in the following sectors;

1. Publishing, press, and broadcasting sectors.
2. Telecommunication sectors
3. Other sectors where the establishment of a wholly foreign-owned enterprise is prohibited by the state.

Article 11. When he goes through formalities for the establishment of a wholly foreign-owned enterprise, the investor may do so either personally or through his agent.

Article 12. The investor wishing to set up a wholly foreign-owned enterprise shall submit the application for the establishment of a wholly foreign-owned enterprise to the Provincial Administration and Economic Committee (hereinafter called the zone authority.)

The application shall state the name, address, and position of the investor, the name, nationality and position of the general manager of the enterprise, the name of the enterprise, its type of business, range and amount of products, amount of total investment, registered capital, name of bank, form and period of investment, major products and technical processes, targets and form of marketing of products, organizational structure, number of employees and other data in relation to staffing, size of building land and desired location, water, power, and

materials needs, annual production plans, period of operation and other necessary information, and shall be accompanied by the memorandum of association, feasibility study report, proving documents of the investor, list of equipments and materials to be contributed, introductory descriptions and manuals on industrial property rights and technical knowhow to be supplied, certificates on financial position of the investor and other necessary documents.

Article 13. The memorandum of association of a wholly foreign-owned enterprise shall include its name, address, purpose of establishment, scope of business, volume of production, total investment, registered capital form and period of investment, organizational structure and function, duties and rights of chairman, president, chief accountant, and auditor, period of operation, procedures for dissolution and liquidation, and amendment of the memorandum, and other necessary information.

Article 14. The memorandum of association of a wholly foreign-owned enterprise shall be valid only if it has been approved by the body which examined and approved its establishment.

Article 15. Feasibility study report of a wholly foreign-owned enterprise shall include its name, total investment, registered capital, data on investment plans and production plans, analyses on technological and economical advantages of major production processes and equipments, data on construction works, kinds and needs of major materials, data on marketing, employment and technical training plans, estimations of expected profitability in phases and other necessary data.

Article 16. The list of equipments and materials to be contributed shall include their names, specifications, units, amounts, uses, unit prices, total prices, manufacturer, countries from which they are imported and other necessary data and shall be accompanied by the introductions or manuals of them.

Article 17. Introductory descriptions on an industrial property right or technical knowhow to be contributed shall state its name, holder, practical utility, term of validity and the like and be accompanied by technical literature, designs, operation manual or other technical data as well as the basis of calculation of price, a copy of the certificate of industrial property right and so on.

Article 18. Screening and approving of a proposed wholly foreign-owned enterprise shall be done by the external economic body of the Administration Council, which includes the State External Economic Affairs Commission (hereinafter referred to as the external economic body) and the zone authority.

The external economic body shall screen and approve infrastructure construction projects whose total investment is greater than 20,000,000 won and non-infrastructure projects whose total investment is greater than 10,000,000 won.

The zone authority shall screen and approve infrastructure construction projects whose total investment is not greater than 20,000,000 won and non-infrastructure projects whose total investment is not greater than 10,000,000 won.

The external economic body may screen and approve projects with a small investment depending on the importance of the project in question.

Article 19. If it receives an application for the establishment of a wholly foreign-owned enterprise to be screened and approved by the external economic body, the zone authority shall, within 10 days from the receipt of the application, deliver the application accompanied by the opinion of the zone authority to the external economic body.

Article 20. The external economic body and the zone authority (hereinafter referred to as "the screening body") shall, within 80 days from the receipt of the application for the establishment of a wholly foreign-owned enterprise, have consultations with relevant bodies, screen the project and give a notice of approval or rejection to the applicant.

Article 21. The investor shall, within 30 days from the receipt of the notice of approval, register his enterprise with and have a certificate of business registration issued by the zone authority.

In order for an enterprise to be registered, an application for business registration shall be submitted.

The application shall state the name, address, nationality and position of the investor, the name and address of the enterprise, the name, nationality and position of the general manager, total investment, registered capital, expected date of start-up and other necessary information and shall be accompanied by a copy of the document approving the establishment of the enterprise.

The day of business registration shall be the foundation day of the wholly foreign-owned enterprise and, from that date, the enterprise shall be a body corporate of the DPRK.

Article 22. A wholly foreign-owned enterprise shall, within 20 days from its business registration, make tax registration with the financial organ based at the place of business of the enterprise according to the laws and regulations relating to taxation on foreign-invested businesses and foreign individuals.

Article 23. A wholly foreign-owned enterprise may open or set up, in the zone or in a foreign country, its branches, representative offices, agencies, detached offices or subsidiaries or associate itself with institutions or enterprises of the DPRK or with companies of a foreign country.

In case of opening or setting up branches, representative offices, agencies, detached offices or subsidiaries and the like approval shall be obtained for it from the relevant screening body.

Article 24. A wholly foreign-owned enterprise may entrust construction works, if necessary, to a relevant construction body of the DPRK.

Chapter 3. Procedures and method of investment

Article 25. A wholly foreign-owned enterprise shall invest the registered capital equivalent to the amount separately determined depending on the size of the total investment.

The amount of total investment shall be the total sum of the fixed assets and circulating properties of the enterprise.

The registered capital is such part of the total investment as has been registered with the zone authority.

Article 26. The size of the registered capital shall be determined as follows:

1. Not less than 65 per cent of the amount of total investment if the amount of total investment is not greater than 6,000,000 won,
2. Not less than 45 per cent of the amount of total investment if the amount of total investment is greater than 6,000,000 won and not greater than 20,000,000 won (not less than 4,100,000 won if the amount of total investment is greater than 6,000,000 won and not greater than 9,000,000 won),
3. Not less than 35 per cent of the amount of total investment if the amount of total investment is greater than 20,000,000 won and not greater than 60,000,000 won (not less than 9,500,000 won if the amount of total investment is greater than 20,000,000 won and not greater than 27,000,000 won),
4. Not less than 30 per cent of the amount of total investment if the amount is greater than 60,000,000 won (not less than 26,000,000 won if the amount of total investment is greater than 60,000,000 won and not greater than 77,000,000 won),

Article 27. A wholly foreign-owned enterprise may increase its registered capital or convey it to another person.

In case of increase or conveyance of the registered capital, approval shall be obtained for it from the screening body and upon the approval being given, registration shall be made of the change with the zone authority.

A wholly foreign-owned enterprise may not reduce its registered capital. Article 28. Investment may take the form of cash, property in kind, technical knowhow, industrial property right and the like. In this case the price of the property in kind, technical knowhow or industrial property right shall be decided by the investor

on the basis of the international price prevailing at the moment and shall thereafter be approved by the screening body.

Article 29. A property in kind, industrial property right or technical knowhow and the like which is contributed shall satisfy the following conditions;

1. It should be owned by the investor,
2. It should be able to produce highly competitive export goods, and
3. The estimated value of the industrial property right and technical knowhow should not exceed the amount equivalent to 20 per cent of the registered capital,

Article 30. A wholly foreign-owned enterprise shall ask the foreign commodities inspection body to inspect machinery and equipments which it brings in as a contribution.

The foreign commodities inspection body shall inspect the machinery and equipments according to a written request and issue a certificate of inspection.

A wholly foreign-owned enterprise shall provide conditions for the inspection of the machinery and equipments by the foreign commodities inspection body.

Article 31. The investor shall invest the registered capital within the following time limits;

1. In case the investment is to be made at one time, within 6 months from the receipt of the certificate of business registration.
2. In case the investment is to be made in several phases, within 2 years from the receipt of the certificate of business registration, in which case the initial investment shall be made within 90 days from the receipt of the certificate of business registration in the amount of not less than 15 percent of the registered capital, and the next investment immediately following the initial investment shall be made within such time limit as is mentioned in the application for the establishment of the wholly foreign-owned enterprise.
3. If an investment has not been made at one time and the initial investment has not been made within the specified period of time, or if the next investment has not been made until 30 days have elapsed after the expiry of the specified time limit, the written approval for the establishment of the wholly foreign-owned enterprise and the certificate of business registration shall automatically lose effect, in which case the enterprise shall return to the zone authority its certificate of business registration and the certificate of cancellation of tax registration issued by the financial division of the zone authority and thereafter make a registration for the cancellation of the enterprise.

Article 32. If he is not able to invest the registered capital within the specified time limit, the investor shall apply to the screening body to allow the extension of this time limit.

Article 33. A wholly foreign-owned enterprise may reinvest, wholly or partly, its legal profits earned from the operation of the enterprise. In this case income tax which has been paid on the reinvested portion of the profits may be refunded in full in infrastructure construction projects or by half in non- infrastructure projects.

If the reinvested capital is withdrawn within 5 years from the time of reinvestment, the income tax which has been refunded shall be re-payable.

Article 34. Whenever it invests the registered capital, the wholly foreign-owned enterprise shall submit to the screening body a report certifying the investment. This report shall be issued by the public notary's office.

Chapter 4. Production and circulation [subhead]

Article 35. A wholly foreign-owned enterprise shall have business license in order to be able to carry out business transactions.

The enterprise shall have the business license issued before the expected date of the start-up specified in the application for business registration.

The business license shall be issued by the zone authority.

In order to obtain a business license, an application for business license shall be submitted to the zone authority.

The application shall state necessary information and shall be accompanied by a report certifying the investment issued by the public notary's office, documents issued by a relevant body guaranteeing the safety and environmental aspects of the production processes and facilities and a sample of the product.

The zone authority shall, within 15 days from the receipt of the application, examine it and issue or reject the business license.

Article 36. Business activities of a wholly foreign-owned enterprise shall be limited to such activities as are allowed by its memorandum of association.

The enterprise shall draft production and import and export plans by itself and register them with the zone authority.

Article 37. A wholly foreign-owned enterprise may purchase materials needed for its operation either in the territory of the DPRK or bring them in from a foreign country; it may export its products or sell them in the territory of the DPRK.

If the enterprise is to purchase materials produced by an institution or an enterprise of the DPRK or sell its products in the territory of the DPRK, the enterprise shall do so through a relevant trading agency of the DPRK.

In case the enterprise is to purchase materials (except office items, furniture and the like) produced by an

institution or an enterprise of the DPRK directly through a circulation network or sell its products directly through a circulation network, approval shall be obtained for it from the external economic body.

Article 38. No customs duty shall be imposed on materials brought in as a contribution or to be used for the production and operation by a wholly foreign-owned enterprise and on materials which the enterprise produces by itself and exports.

Article 39. A wholly foreign-owned enterprise may commission a relevant trading agency of the DPRK to export its products.

Article 40. Prices of export and import goods (including fees for technical service) of a wholly foreign-owned enterprise shall be based on international market prices prevailing at the moment.

Prices of commodities which are sold in the zone shall be determined by an agreement between the seller and the buyer.

Prices of all commodities which are sold outside the zone and prices of some every-day consumer goods shall be determined by the state pricing body.

A wholly foreign-owned enterprise shall not realize export and import goods at a price which is higher or lower than the international market price for purpose of tax evasion.

Article 41. A wholly foreign-owned enterprise shall regularly keep records of items relating to the storage and use of imported materials and to the export of its products.

Chapter 5. Accounting

Article 42. A wholly foreign-owned enterprise shall do its accounting according to the accounting regulations applying to foreign-invested enterprises.

Article 43. A wholly foreign-owned enterprise shall do its accounting in Korean won.

If accounting is to be done in a foreign currency, the equivalent amounts of Korean won calculated with the exchange rate of that time set by the foreign exchange control body shall be given.

Article 44. A wholly foreign-owned enterprise shall open an account of Korean won and accounts of foreign currencies with the foreign trade bank of the DPRK.

The enterprise may open its accounts with another bank of the DPRK or with a bank of a foreign country upon agreement reached with the foreign exchange control body.

Transactions and clearing in foreign currencies shall be done only through its account in its transacting bank.

In case it opens an account with a bank of a foreign country, the enterprise shall submit quarterly to the foreign exchange control body the records, of receipt and payment and the account statement produced by the transacting bank.

Article 45. A fiscal year for a wholly foreign-owned enterprise shall be from January 1 to December 31 of each calendar year. In the year of establishment, the fiscal year shall be from the date of establishment to December 31 of the same year, in the year of termination, the fiscal year shall be from January 1 of the same year to the date of termination.

Article 46. A wholly foreign-owned enterprise shall pay tax subject to laws and regulations on taxation on foreign-invested business and foreign individuals.

Article 47. A wholly foreign-owned enterprise shall, after the payment of enterprise income tax, create the reserve fund, bonus fund and welfare fund and the like for its employees out of the settled profit. The reserve fund shall be created by saving 5 per cent of the annual settled profit until the amount of the fund amounts to 25 per cent of the registered capital. The reserve fund created can be used only in increasing the registered capital or making up losses in business. The size and limit of the other funds shall be determined by the enterprise by itself.

Article 48. A wholly foreign-owned enterprise shall settle its financial accounts quarterly and yearly.

The quarterly financial statements shall be delivered to the quarter and the yearly financial statements within 2 months after the end of the assessment year.

Quarterly and yearly financial statements shall include balance sheets, cost accounts, production and sales revenue accounts, profit and distribution accounts, profit and loss accounts, overheads expenses accounts, fixed assets depreciation accounts and the like. Annual financial statements shall be attested by the public notary's office.

Article 49. A wholly foreign-owned enterprise may remit legal profits and the other incomes earned from the operation of the enterprise and the money remaining after the liquidation of the enterprise according to the laws and regulations of the DPRK on foreign exchange control.

Article 50. A wholly foreign-owned enterprise may be given a loan needed for its operation from a bank of the DPRK or a financial institution of a foreign country.

Article 51. A wholly foreign-owned enterprise shall keep its financial accounting documents for 5 years (until the termination of the enterprise in the case of financial statements and documents on fixed assets depreciation).

Article 52. A wholly foreign-owned enterprise may have its financial statements audited by a public accountant of the DPRK or by a public accountant of a foreign country.

Chapter 6 labour administration

Article 53. A wholly foreign-owned enterprise shall, in principle, employ nationals of the DPRK. Foreigners may be employed for managerial positions or as technicians or skilled workers in special jobs.

Article 54. In the case of employment of nationals of the DPRK, a wholly foreign-owned enterprise shall enter into a contract for employment with the labour service agency which is based at the place where the enterprise is located, and in the case of employment of foreigners, the enterprise shall reach an agreement upon it with the external economic body.

Article 55. If the enterprise is to dismiss before the termination of the contract, nationals of the DPRK whom it has employed, the enterprise shall do so subject to the conditions of the contract upon agreement reached with the labour service agency.

Article 56. A wholly foreign-owned enterprise shall conduct activities aimed at raising technical qualifications and skills of its employees.

Article 57. Salary standards of the employees of a wholly foreign-owned enterprise shall be subject to the labour regulations on foreign-invested businesses.

Article 58. Employees of wholly foreign-owned enterprises have rights to the trade union movement.

Article 59. Trade unions are allowed to engage in:

1. Education of employees in the spirit of commitment to labor discipline and economic tasks,
2. Politico-ideological orientation of employees, dissemination of scientific knowledge and organization of sports and cultural events,
3. Conclusion of and supervision of the implementation of collective bargains with the wholly foreign-owned enterprise concerned in respect of labor management, compensation and labor security,
4. Coordination of labor disputes arising between the employer and the employed, and
5. Representation in any discussions over the rights and interests of employees to give advice and recommendation.

Article 60. A wholly foreign-owned enterprise shall deal with matters concerning rights and interests of employees in consultation with a representative of the trade union.

Article 61. A wholly foreign-owned enterprise shall provide the trade union with conditions to work and act.

Article 62. A wholly foreign-owned enterprise shall provide the trade union with the working fund at the following rates every month:

1. Equivalence of 2 per cent of the sum total of the monthly salary of all employees in case the employed numbers up to 500,
2. Equivalence of 1.5 per cent of the sum total of the monthly salary of all employees in case the employed numbers from above 500 up to 1,000, and
3. Equivalence of 1 per cent of the sum total of the monthly salary of all employees in case the employed numbers more than 1,000.

Chapter 7. Term of operation and dissolution

Article 63. The period of operation of the wholly foreign-owned enterprise shall be calculated from the date on which the certificate of registration is issued.

Article 64. In order to extend the period of operation, an application should be filed to and approved by the screening body 6 months before the term expires. The screening body shall approve or disapprove the application within 30 days from the receipt of the application.

Article 65. A wholly foreign-owned enterprise shall register the changed term of operation with the zone authority within 20 days from the date of the application approved.

Article 66. A wholly foreign-owned enterprise may dissolve in the following cases where -

1. The term of operation expires,
2. The continued operation is deemed impossible due to force majeure like natural calamities,
3. An investor determines so due to impossible redemption of loss,
4. The certificates of establishment and registration are canceled, and
5. The court of law decides so.

Article 67. In case of dissolution, an application for that purpose shall be submitted to the zone authority. If the enterprise concerned was licensed by it, the zone authority shall review the application and directly approve or disapprove the dissolution, and if screened by the external economic body, the zone authority shall hand over the application together with its comments to the external economic body.

The date on which approval is by the screening body shall be deemed that of dissolution.

Article 68. A wholly foreign-owned enterprise shall make public and notify the debtors of the dissolution of the enterprise within 10 days from the date of the dissolution approved.

Article 69. A wholly foreign-owned enterprise shall submit the list of the members of the liquidation committee to the screening body for approval within 15 days from the date of proclamation of the dissolution.

The liquidation committee shall commence its work within one week from the date of itself approved.

Article 70. The liquidation committee shall include in principle the following persons:

1. A person in charge of the wholly foreign-owned enterprise,
2. A representative of the debtors,
3. A representative of the screening body,
4. An auditor, and
5. Lawyer.

Article 71. The liquidation committee shall carry out the following work:

1. To convene a meeting of debtors,
2. To take over and place under its custody the property of the enterprise,
3. To determine claims and debts, and prepare the balance sheet and the list of property,
4. To evaluate the property of the enterprise,
5. To prepare the plan of liquidation,
6. To pay tax and clear all claims and debts,
7. To take stock of the remaining property, and
8. To handle other matters related to liquidation.

Article 72. All expenses spent on liquidation shall be primarily redeemed from the remaining property of the enterprise.

Article 73. A wholly foreign-owned enterprise is not allowed to dispose of any of the property at its own will before the liquidation is over.

In case where the remaining property exceeds the amount of the registered capital, the liquidation committee shall pay the corporation income tax on that excess amount.

Article 74. Upon liquidation, the liquidation committee shall prepare the report for the screening body, surrender the certificate of registration and the business license to the zone authority to cancel the registration of business and tax and close the account of the enterprise with the bank concerned.

Chapter 8. Supervision and settlement of dispute

Article 75. The screening body can inspect the books and property of the wholly foreign-owned enterprise.

Article 76. In case of committing the following offence in contravention of these regulations, the loss shall be compensated or a penalty of up to 10,000 won for the enterprise and up to 2,000 won for a foreign individual shall be imposed according to the severity of the matter:

1. Breach of the procedure of registration,

2. Doing of harm to the interests of the state and social cooperative organizations,
3. Failure in investment within prescribed period, and
4. Irregularity in export and import.

Article 77. In case of tax avoidance or delayed tax payment, a penalty for that purpose shall be imposed in accordance with laws and regulations on taxation on wholly foreign-owned enterprises and foreign individuals.

Article 78. If the breach is severe in consequence, the enterprise concerned may be suspended from operation or dissolved.

Article 79. Any disagreement concerning transactions of the wholly foreign-owned enterprise shall be settled through consultation.

A case of dispute shall be settled by the arbitral tribunal or the court of law of the DPRK according to the proper procedures.

Article 80. A wholly foreign-owned enterprise may appeal to the body concerned of the DPRK. The body concerned shall settle the case within 30 days from the date of the appeal made.

If the wholly foreign-owned enterprise is aggrieved at the result of settlement, it may bring the case to the court of law within 10 days from the date of the settlement of appeal.

Farms Complete Maize Sowing by 31 May

SK0106103094 Pyongyang KCNA in English 1009
GMT 1 Jun 94

[Text] Pyongyang, June 1 (KCNA)—The cooperative farms across the country had finished maize sowing in all fields by May 31 except northern cold areas and some seedling beds.

Maize is a high-yielding crop which holds a big share together with rice in the nation's grain production.

The agricultural working people had made substantial preparations for farming from the beginning of the year. They selected high-yielding strains on the principle of right crop in right area and sowed maize in seedling beds on a stage-by-stage basis and transplanted seedlings in time.

Cooperative farmers in North and South Hwanghae Provinces, North and South Pyongan Provinces and other areas are manuring and tending the maize plants with good care.

Kim's Guidance of Cooperative Noted

SK2905000594 Pyongyang KCNA in English 1506
GMT 28 May 94

["Guideline in Switching Cooperative Ownership Over To All-people Ownership"—KCNA headline]

[Text] Pyongyang, May 28 (KCNA)—The concrete tasks and ways of switching cooperative ownership over to all-people ownership advanced by the great leader Comrade Kim Il-song in his famous work "For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses" constitute a militant banner for the ultimate solution of the rural question and the complete victory of socialism in Korea.

This is stressed by Dr. Kim Chol in an article contributed to NODONG SINMUN today.

The article says the great leader in the work comprehensively expounded theoretical and practical questions in successfully switching cooperative ownership over to all-people ownership.

The respected leader Comrade Kim Il-song is quoted as saying:

"Cooperative ownership should be switched over to all-people ownership with success by consolidating and developing the agricultural cooperative economy."

The great leader said the switchover must be carried out gradually, depending on the maturity of all the conditions and possibilities.

The fundamental prerequisite for the switchover is to raise the level of ideological consciousness of the cooperative farmers and consolidate the material and technical foundations of the cooperative economy.

What is important here is to educate the cooperative farmers ideologically and train them into revolutionaries and assimilate them to the working class.

We can say the important conditions for the switchover are matured only when the level of ideological consciousness of the farmers is raised and they give full play to high patriotic enthusiasm and devotion in socialist rural construction, deeply conscious that the interests of society and collective include their private interests and the prosperity and development of the socialist motherland and the socialist countryside are essential for their worthy life and happiness.

We can say the solid material and technical foundations for the switchover are laid only when the distinctions between industrial and agricultural labour are gradually eliminated and the efficiency of agricultural labour is decisively enhanced through the industrialisation and modernisation of agriculture and the improvement of the farming methods and the cultivation system.

By indicating in the work the fundamental prerequisite for the switchover, the great leader provided a guideline for successfully solving this matter without the slightest deviation and turns and twists.

The work says the switchover of cooperative ownership to all-people ownership must be done with the county as a unit. The county is the base linking the towns with the countryside in all spheres of politics, the economy and

culture and serves as the basic unit for the direct guidance and management of the rural economy.

Since a well-organised agricultural guidance and management system has been established with the county as a unit in our country, the most reasonable form and method is to convert cooperative farms in the county into state farms under all-people ownership and let the county undertake their unified guidance and management.

Paper Hails Workers Party's Ideas

SK0106102594 Pyongyang KCNA in English 1007
GMT 1 Jun 94

["WPK's Idea and Policy, Great Banner of Victory in Revolution"—KCNA headline]

[Text] Pyongyang, June 1 (KCNA)—The idea and policy of the Workers' Party of Korea [WPK] are the most correct guiding principle in victoriously advancing and accomplishing the cause of socialism in the present era and a powerful weapon that our party members and working people should always hold tightly, stresses NODONG SINMUN today.

The paper says in a by-lined article:

The idea and policy of the WPK are the most popular line and policy suited to the requirement and desire of our people and the most scientific blueprint conforming to the specific conditions of our country and the realistic demand of socialist construction.

There can be no leader, apart from the people. The leader acquires wisdom, leadership ability and virtues among them. This is the unshakable creed of the dear leader Comrade Kim Chong-il. The dear leader who regards the people as his teacher always finds himself among the people, learns what they wish and want and works out new line and policy, reflecting it.

In the whole course of leading the revolution and construction, the dear leader correctly saw through the specific conditions of our country and the requirement of our developing revolution in time with his rare wisdom and scientific penetration and gave profound answers to the questions whose solution the time and the revolution and the reality awaited eagerly.

The idea and policy of our party also give profound answers to the questions whose solution not only the Korean revolution but also the cause of global independence eagerly await.

The revolutionary ideas and theories on the party building of the working class and the accomplishment of the cause of socialism contained in the famous works "The Historical Lesson in Building Socialism and the General Line of Our Party," "On the Fundamentals of Revolutionary Party Building" and "Abuses of Socialism are Intolerable" were expounded by the dear leader with a deep insight into the actual demand of the

developing revolution of the world for clearly expounding to the people the essence and lesson of the situation and the road ahead of the socialist reconstruction movement.

The validity and vitality of the idea and policy of the WPK have been fully proved through revolutionary practice.

Assistance to Disabled Veteran Recognized

SK3005065094 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 26 May 94

[Text] Supreme Commander of the Korean People's Army [KPA] Comrade Kim Chong-il has sent thanks to Yi Ki-pom and Hwang Tong-kyu, political functionaries of the unit of the Korean People's Security Forces to which Comrade Kim Tae-song belongs, and four discharged soldiers who collectively advanced into the socialist rural area.

Yi Ki-pom, political functionary, visited Choe Hyong-nak, an officer who displayed an exemplary deed in carrying out his combat duty, every day when the latter was seriously injured from an unexpected accident and was receiving medical treatment in a hospital. Yi Ki-pom brought food and encouraged Choe Hyong-nak to receive medical treatment. When Choe Hyong-nak was evacuated to a hospital distant from his unit, Yi Ki-pom often visited and comforted him.

Yi Ki-pom later visited Choe Hyong-nak who was residing in his home town, Samhwa-ri, Munchon, as a disabled veteran, and encouraged him, urging him to remain loyal to the party and the leader like a soldier although the guardpost was changed. At Choe Hyong-nak's wedding, Yi Ki-pom visited him with the commanding officer of the unit and congratulated him. On many occasions, he helped build Choe Hyong-nak's home, along with other soldiers of the unit. Together with him, Yi Ki-pom went to the Samhwa cooperative farm to encourage enthusiasm among the workers.

Officers Yi Nam-son, Yi Pyong-man, Choe Su-hwan, and Pak Myong-son, who visited Choe Hyong-nak with Yi Ki-pom, collectively advanced into Samhwa cooperative farm where the comrade-in-arms was living when they were discharged last December, not returning home, thus blooming the great leader's grand rural area-building plan.

Political functionary Hwang Tong-kyu, deeply impressed by the comradeship of the soldiers of the unit, including Yi Ki-pom, made his sister, who was working at a fabric plant, marry a disabled veteran, and made his sister Hwang Kum-suk, who was working at a cooperative farm, marry Choe Hyong-nak in August last year.

The meetings to deliver the thanks of the KPA Supreme Commander Comrade Kim Chong-il were held on the spot. At the meetings, the comrade supreme commander's thanks were delivered amid enthusiastic

applause of the participants. This was followed by a debate of resolutions. The meetings adopted letters of pledge to the dear leader of our party and our people KPA Supreme Commander Comrade Kim Chong-il.

Paper Hails 'Noble' Traits of Soldiers

SK2705114994 Pyongyang KCNA in English 1111 GMT 27 May 94

["Noble Ideological and Moral Traits of Soldiers of Great General"—KCNA headline]

[Text] Pyongyang, May 27 (KCNA)—A by-lined article of NODONG SINMUN today tells about the noble ideological and moral traits of soldiers of the great general Kim Chong-il, saying no titles are so honourable and precious for the Korean people than the title of revolutionary soldiers of the general.

The article says:

The soldiers of the great general Kim Chong-il are steadfast revolutionary fighters safeguarding the party and the leader with their lives and pure revolutionaries who think and act in accordance with the ideas and intentions of the party and the leader.

They are also indomitable fighters who consistently share life and death, sweets and bitters with the party and the leader in any circumstances.

Referring to the noblest ideological and moral traits of general Kim Chong-il's soldiers, the article says:

Characteristic of the ideological and moral traits of our revolutionary soldiers is, above all, that they have the unshakable revolutionary conviction and will to believe in and follow only the great general Kim Chong-il.

Their belief in the great general Kim Chong-il is the part and parcel of our revolutionary soldiers' ideological and moral traits.

Ours is the inexorable belief that as long as we are guided by general Kim Chong-il we are sure to win. Ours is the unshakable determination to fight on, entirely entrusting our whole destinies to the party and the leader. Ours is the revolutionary principle which will never change in any adversity.

This conviction is the most solid and noblest ideological sentiments which we have consolidated on the basis of our deep understanding of the greatness of general Kim Chong-il through our life experience.

Another characteristic of the ideological and moral traits of our revolutionary soldiers is that they cherish revolutionary fidelity to the great general Kim Chong-il.

The soldiers of the great general Kim Chong-il have a warmer sense of obligations than others to repay the benevolence of the party and the leader.

Their fidelity is a sincere and pure one emanating from the minds of the soldiers who always deeply cherish the love and benevolence of the illustrious leader. It is a noble spirit of devoting their all to repay even a little the benevolence of the party.

Characteristic of the ideological and moral traits of our revolutionary soldiers is also that they have a revolutionary view of life that they can lead a worthy life only when they fight under the guidance of the great general Kim Chong-il.

Our view of life is the steadfast revolutionary creed that they should feel honored to live or die on the road of revolution following the illustrious leader, and the life-giving water exalting human dignity and life forever. Living in luxury or riches cannot be a happiness for them and a life, however long it may be, cannot be called an eternal life. Their happiness and eternal life lie in living a worthy life under the loving care of the party even if they lived a day.

Now, our country has a great army of loyal revolutionary soldiers who share views and the same destiny with the great general Kim Chong-il. The entire Korean people are all revolutionary soldiers of general Kim Chong-il.

Anniversary of Kim Il-song Guidance Marked

SK3105042394 Pyongyang KCNA in English 0411 GMT 31 May 94

[Text] Pyongyang, May 31 (KCNA)—A meeting was held in Haeju city Monday to mark the 30th anniversary of the on-the-spot guidance of the great leader President Kim Il-song and the dear leader Comrade Kim Chong-il to South Hwanghae Province in the central western part of Korea.

Giving on-the-spot guidance to different units of the national economy including co-op farms, factories, enterprises and educational and cultural institutions and health organs in South Hwanghae Province in May and August, 1964, the great leader and the dear leader indicated the concrete orientation and ways of keeping production on a high level, further improving the living standards of people and making a new success in this domain.

During the past 30 years since their on-the-spot guidance the output of grain has increased 1.9 times, meat 2.6 times, fruits 7.2 times and cocoons 2.4 times in the rural communities of the province.

During the period, the province's industrial output value has jumped 2.9 times and industrial establishments including the Haeju smelter, the Haeju trailing farm machine factory and the Haeju tractor accessories factory have been built solidly.

Remarkable progress has been made also in the educational, cultural and health service domains. Clinics in rural communities have turned into hospitals, more

educational institutions including 10 odd universities and colleges have been built and cultural establishments changed their looks.

A report was made at the meeting by Paek Pom-su, chief secretary of the South Hwanghae Provincial Committee of the Workers' Party of Korea and chairman of the South Hwanghae Provincial People's Committee.

Kim Chong-il Called People's Benevolent Father

SK2805034694 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 24 May 94

[Unattributed talk: "Life of Great Happiness Upholding the Great Leader [widaehan yongdoja] at the Head of the Party"]

[Text] Our party members and working people are vigorously accelerating the revolution and construction, upholding the dear leader Comrade Kim Chong-il as the father of the people [inminui oboi] and helping and encouraging each other, like real brothers and sisters. It is the foremost glory and pride for our people to fully enjoy the happiness in which they find nothing to envy in the world while upholding the great father as one large family.

The great leader Comrade Kim Il-song has taught: I am very glad that Comrade Kim Chong-il commands people's respect, love, and admiration as a leader who inherits the cause of the revolution.

There is no happiness for the people greater than living and carrying out the revolution upholding the great leader [widaehan yongdoja] as their father. Our people boundlessly trust and follow the dear comrade leader as father now. Here lies our people's noble feeling of ideological resolve to enthusiastically adore and follow to the end of the world the great leader who takes total responsibility for all their destiny and future and tenderly cares for and leads them.

Traversing the long and glorious road of the revolution under the leadership of the dear comrade leader, our people have learned deep in their hearts the leader's greatness, his love for the people, and his noble communist virtue. For our people, the dear comrade leader is a great teacher and benevolent father who takes total responsibility for their destiny and blooms it.

The dear comrade leader not only commended our people as masters of the revolution and good teachers [as heard], but granted them the noblest political life and continuously gives them familial love to be acclaimed generation after generation. It is the firm conviction of the dear comrade leader that without the people, the leader, the revolution, the party, and sovereignty would lose the significance of their existence.

Thanks to the fatherly love of the dear comrade leader, all the working people in our country not only participate in political life freely today but carry out their duty for

society and group honorably. In the loving bosom of the dear comrade leader, mistreated workers, peasants, and intellectuals and their sons and daughters have been brought up today to be cadres of the party and the state, guiding functionaries of plants and enterprises, deputies of power organs of various levels who discuss the political affairs of the country, heroes, professors, and doctors, thereby making their creative wisdom and talents flourish.

There have been a number of proud statesmen and great men who made a name for themselves, but we do not know of any great statesman and people's benevolent father like the dear comrade leader who embraces all the people of the country in his bosom and brings them up to be true revolutionaries. The song "There is no fatherland without you" sung by all the people of the country from the bottom of their hearts reveals the infinite gratitude and boundless extolment to the people's benevolent father [inminui chaaeroun oboi] who takes total responsibility for and blooms their destiny and future.

Our people's great pride in upholding the great father consists in all the people fully enjoying infinitely rewarding, happy lives. The dear comrade leader whose natural disposition consists of love for and trust in the people, worked out and put forth the lines and policies for the people so that all the activities of the party and the state may consistently serve the people.

Today, all policies and considerations for people worked out and taken in our country and the deep concern and scrupulous care extended evenly to each individual household and each individual person by our party and state are precious fruits brought about by the great father's noble politics of benevolence. The dear comrade leader has designated the promotion of people's welfare the supreme principle in our party's activities, and with the improvement in people's lives, has given all kinds of consideration to provide them with greater joy and happiness.

The dear comrade leader's firm position is that there can never be satisfaction in the struggle to improve people's livelihood and that greater happiness for the people should be achieved by all means by even seeing to it that mountains are leveled off or oceans reclaimed.

Through modern streets and numerous monumental structures—the Kwangbok Street, the Chongchun Street, the Tongil Street, the West Sea Floodgate, and the 1 May Stadium—which have been built in recent years, our people are warmly cherishing the dear comrade leader's fatherly love for the people and his energetic leadership.

Today, our people firmly believe that tomorrow will be better than today with our party's revolutionary economic strategies implemented by the great leader [yondoja]. The noble intention of the dear comrade leader—who is solving the question of improving people's livelihood while regarding it not as a simple economic task, but as both a strategic question for socialist construction and as an important matter linked with the

future of the fatherland and people—is reflected in our party's revolutionary economic strategies for thoroughly implementing the agriculture-first policy, the light industry-first policy, and the trade-first policy.

Under today's difficult circumstances in which we need to achieve socialist construction in the midst of acute confrontation with the imperialists, formulation and implementation of grand economic strategies aimed at providing our people with a more affluent and happier life is by no means a simple question. This is a great idea and great project which can be worked out and implemented only by the dear comrade leader who is endlessly sparing no pains for the people.

The boundless happiness of our people holding the great father in esteem also lies in everyone helping and guiding one another, and living harmoniously in one large revolutionary household.

Today, our country has become one large revolutionary household thanks entirely to the brilliant embodiment of the dear comrade leader's noble politics of benevolence. Regarding the idea of valuing the people as heaven as his personal motto, the dear comrade leader spares nothing for the people's happiness and future. Our society is literally becoming one large revolutionary household because the dear comrade leader's politics of benevolence is brilliantly being embodied and because the revolutionary sense of obligation and camaraderie are coming into bloom throughout the country.

Though they have been born in different places, have different revolutionary duties, and have different personalities and tastes, our party members and workers are living today while holding each other dear in a genuine relationship of comradeship.

There is no country anywhere in the world as our country, a society in which all people throughout the country share life and death by helping and guiding each other, vigorously march forward by upholding the leader's [yongdojaui] intentions and ideas with single-hearted loyalty, can see his own hope and talent realized and brought into full bloom without worrying whatsoever about daily life, and are most thoroughly guaranteed of their dignity and rights, because they are holding the great leader [yongdoja] in esteem as the father.

Our people's firm belief and will are to show complete loyalty and filial piety, upholding the dear comrade leader who is taking full responsibility for their fate and future and bringing them into blossom. There are no people in the world like our dignified and happy people who are living in the most glorious era and carrying out the revolution, while holding the dear comrade leader in esteem as the father.

Radio Essay Hails Revolutionary Tradition

*SK0106132794 Pyongyang Korean Central
Broadcasting Network in Korean 2220 GMT 28 May 94*

[Radio essay: "Let Us Glorify Chuche-Oriented Revolutionary Tradition for All Ages to Come"]

[Text] The revolutionary tradition is the historic root of the revolution. It is not only the blood vessel of the revolution, but is also the cornerstone of the revolution, which links generations into one lifeline in the course of the revolution.

Only when the revolutionary tradition is purely carried on can the revolution constantly advance along the straight road designated by the leader [suryong] and all sorts of hardships and trials be surmounted. Historic experience and the situation shown in today's revolutionary movement have left a bitter lesson that the revolution runs off its track, its generations are cut off, and the precious revolutionary gains won with blood by the preceding generations and patriotic revolutionary forefathers are lost when it fails to firmly defend and purely maintain its lineage. This was eloquently proven by the collapse of socialism in East European countries.

Today our party and people are resolutely safeguarding, defending, constantly inheriting, developing, and enriching the anti-Japanese revolutionary tradition created by the great leader under the wise and tested leadership of the dear comrade leader. All successes attained by our people in their rewarding struggle to consummate the chuche revolutionary cause are the immortal merits attained by our dear comrade leader in the course of brilliantly inheriting and developing the anti-Japanese revolutionary tradition.

The revolutionary tradition of our party and people is a most brilliant one unprecedented in the history of the movement of socialist, communist revolution in terms of the profoundness and richness of its contents, in terms of its width and depth, and in terms of its driving force and vitality.

Our revolutionary tradition is the great chuche-oriented revolutionary tradition, the one and only tradition of this world, which was created by the great leader and which is being purely inherited and developed by the dear leader Comrade Kim Chong-il.

On the days of the arduous and bloody anti-Japanese resistance the great leader Comrade Kim Il-song brilliantly created the immortal chuche idea by embodying the demands of the times and the aspirations of the people and pioneered the revolution independently and creatively. On this course he provided the glorious chuche revolutionary tradition, which is the cornerstone for ages to come.

The chuche-oriented revolutionary cause that the great leader constantly developed and enriched on the days of building of a new democratic Korea after national liberation and on the days of leading the totally new socialist

revolution and construction to the single road of victory following the fierce fatherland liberation war is being further deepened and developed on the historic march road on which the dear comrade leader is modeling the whole society after the chuche idea.

The revolution's guiding ideology, guiding theory, and guiding method which are the guiding principle in revolutionary struggle and construction are extensively and broadly embodied in our revolutionary tradition and the noble revolutionary achievements and rich struggle experience is reflected in it. This is why our revolutionary tradition is shining as the immortal banner which firmly ensures the consummation of the chuche revolutionary cause and as the brilliant beacon which opens an infinitely bright path ahead of our revolution.

The dear leader Comrade Kim Chong-il has indicated: Our party has consistently and resolutely safeguarded and defended the glorious revolutionary tradition created by the leader [suryong] and is extensively inheriting and developing in conformity with the demands of modeling the whole society after the chuche idea.

The dear comrade leader defined it as an important task to resolutely defend the chuche revolutionary tradition provided by the great leader on the days of his anti-Japanese resistance and takes it as an invariable iron rule to purely defend the chuche revolutionary tradition and to apply it in the revolution and construction.

One day in October 1964, when our party entered a new stage in the course of its development, the dear leader Comrade Kim Chong-il called in a functionary and urgently told him that the tradition that we advocate is not a tradition of mere patriotism but a chuche revolutionary tradition, in other words, it is not only a problem related to the historic roots of the party and the revolution, but is also a problem related to the bloodline which carries forward the party and the revolution.

Hearing the dear comrade leader's unique ideology and theory on the revolutionary tradition, the functionary was deeply moved by the dear leader Comrade Kim Chong-il's firm faith and strong will to firmly defend the purity of the revolutionary tradition.

[Text] Also, during the days of the dear leader Comrade Kim Chong-il's on-the-spot guidance of the revolutionary battle site in Yanggang Province, the precious revolutionary tradition achieved during the anti-Japanese armed struggle period was 100 percent succeeded and 100 percent fulfilled. Therefore, he once again clearly elucidated the rock firm position and strong will to complete the Korean revolution to the end as intended by the great leader.

One-hundred percent succession and 100 percent fulfillment. This is a high intention of the dear comrade leader who said that this was a cherished desire of the many Korean communists who passed away first after sacrificing their lives to defend the headquarters of the revolution. When this kind of firm faith and iron-like

will of the dear comrade leader was echoing along the mountain ridges of Mt. Paektu, this made all the people's hearts wrapped up in a solemn feeling.

The dear comrade leader cleanly washed out all kinds of odds and ends with Paektu's clear spirit and energy and firmly adhered to the *chuche*-oriented bloodline. Therefore, he maintained our party into a militant and iron-like party that has vigor and our people into an invincible force who are firmly united around the party and the leader.

What is the most beautiful song our people like to sing, and what song do our people enjoying singing the most today? That song is the revolutionary song highly sung by the members of the Saenal Juvenile League of Musong during the dawning of our revolution, and it is an immortal revolutionary song proudly sung by the first youth vanguards of Korea on the advance road of our revolution in admiration of the great leader.

What are the immortal towers most magnificently and most highly rising on this land today? They are the immortal historic revolutionary monuments which were established in each sacred track left by the great leader during the arduous period when our revolutionary cause was being pioneered for the first time.

Beginning from Mt. Paektu, there are revolutionary battle sites and historic places of revolution everywhere in our country. In all revolutionary battle sites and historic places of revolution including Mangyongdae, Ponghwari, Mt. Paektu, Samjiyon, Chongbyong, Pochonbo, Popyong, Wangsejan, they are permeated with the great leader's revolutionary history and immortal revolutionary achievements in which he made his way through the thorn thickets of the arduous struggle in the forefront and led our revolution to the one road of victory and glory.

Reflecting our people's earnest desire to convey the great leader's immortal achievements generation after generation, the dear comrade leader energetically led all the work in maintaining all the country's revolutionary battle sites and historic places of revolution. Therefore, revolutionary assets of the anti-Japanese revolutionary struggle period were revived in its original form. Thus, it was possible to advocate, adhere to, and eternally elucidate the great leader's revolutionary struggle history, revolutionary activities, and lofty leadership achievements generation after generation. It was also possible to wholly, purely, and extensively succeed and develop the *chuche*-oriented revolutionary tradition achieved by the leader, and it was possible to be elucidated as a revolutionary asset of a far-reaching plan and a cornerstone of the revolution.

Embodying the revolutionary tradition in the revolution and construction, and the life and work is the course of developing and inheriting the revolutionary tradition and, on this course, the revolutionary cause can be inherited and consummated.

The purpose of developing and inheriting the revolutionary tradition is consummating the revolutionary cause till the end by thoroughly embodying it in the people's work and life, and in every domain of the revolution and construction. If the revolutionary tradition is not embodied, it would only remain as a legacy or a historic fact, and lose its vitality as an origin of the revolution development.

Accordingly, the dear comrade leader has launched the historic march of modeling the whole society after the *chuche* idea and lifted high the revolutionary slogan urging the people to carry on their overall social life in the way the anti-Japanese guerrilla army did. "Producing, studying, and living in an anti-Japanese guerrilla army way," the slogan calls on the people to inherit the glorious revolutionary tradition to today's life and work, and thus, fully bloom the tradition. The slogan carries the dear leader Comrade Kim Chong-il's resolute faith and will to endlessly inherit and develop a revolutionary treasure which the great leader himself achieved during the period in which our revolutionary cause was pioneered for the first time.

The slogan calls for inheriting and embodying the revolutionary tradition in everyday thinking and mental activities, not keeping it as a mere historic record or a knowledge. The presentation of such slogan has brought about a new landmark not only in the economic and cultural construction, but also in the people's way of thinking and work.

How is it that the upright spirit of self-reliance and hard struggle flutter in every domain of our country's construction and production? How is it that the wind of speed campaign furiously came up? How is it that the entire country turned into an anti-Japanese guerrilla army-style learning site which resembles the university of revolution and the studying ground of (?Madanggou and Paeksugan)? How is it that the entire country is filled with the ranks of forerunners of communist virtues, hidden heroes, and hidden men of merit? How is it that the Song of Comrade is warmly resounding from the hearts of not only the first generation of the revolution, but also the second and third generations?

This is because the dear comrade leader is giving upright guidance to consolidate the glorious *chuche*-oriented revolutionary tradition as an everlasting footstone of our revolution and a durable foundation for the cause of modeling the whole society after the *chuche* idea, and to embody the tradition in everyone's work and life.

No matter how stern and dark the situation may be, we are surmounting the imperialists' ever-aggravating maneuvers to isolate and crush us in the way the invincible anti-Japanese guerrilla army did—overcoming all sorts of difficulties with firm confidence in victory and optimism. Likewise, we are creating a new history of endless upsurges and advancement in the socialist construction. Because there is the dear comrade leader, a true hero of heroes, a great commander of commanders,

and a great figure of our time, our people are accelerating the construction and revolution in the way the people did on the days of the anti-Japanese struggle even though so many years have passed.

Kang Yong-sil, lecturer at the Korean Revolutionary Museum, speaks about her impression felt during her meeting with numerous visitors at home and abroad and foreign friends who came to learn the chuche-oriented revolutionary tradition:

[Begin Kang recording] The chuche-oriented revolutionary tradition which was created by the great leader and which is being purely inherited and developed by the dear leader Comrade Kim Chong-il is a loftiest and purest revolutionary tradition which cannot be found elsewhere. Because the dear leader Comrade Kim Chong-il defends, adheres to, inherits, and enriches our revolutionary tradition, our revolution is winning victory after victory, unflinching even under whatever hardships and trials as the spirit of anti-Japanese struggle and the temperament of Mt. Paektu. Hence, we take it as honor and pride to have such chuche-oriented revolutionary tradition which is incomparably better than anything else in the world.

Numerous foreign friends and guests who visited the Korean Revolutionary Museum unanimously envied the Korean people for having the chuche revolutionary tradition and fervently extolled the Korean revolutionary tradition as the one and only tradition of the world. Asking who has brought the Korean revolutionary tradition into full bloom, they then praised the dear leader Comrade Kim Chong-il as the greatest and the most excelled inheritor and leader [yongdoja] of the chuche-oriented revolutionary tradition. Whenever they praise him, we cannot help taking greatest pride in being the Korean people who have the great chuche-oriented revolutionary tradition.

We, as in the past, will fully unfold our revolutionary tradition under the wise leadership of the dear leader Comrade Kim Chong-il. [End Kang recording]

Truly, the dear leader Comrade Kim Chong-il's lofty achievements—making the chuche revolutionary tradition which was created amid the arduous anti-Japanese flame be inherited for good without losing its glare even if myriad years pass, and letting boundless vitality and attraction be displayed even in the future communist society—will glorify for all ages to come, and will push forward our people's revolutionary struggle to consummate the chuche-oriented revolutionary tradition.

Today, our people have won the world-renowned fame for being proud and glorious people who have the great chuche-oriented revolutionary tradition. With invincible faith, our people are fighting and living staunchly even under the situation in which the imperialists' anti-socialist, anti-Republic maneuvers are getting more vicious than ever. This is because there is the wise leadership of the party and the leader [suryong], and the

brilliant revolutionary tradition of having smashed the formidable evil imperialist enemy.

Our people, as in the past, will invariably defend and adhere to the chuche-oriented revolutionary tradition and glorify it for all ages to come. Bearing in mind lofty meanings inscribed on trees by anti-Japanese fighters with writing brushes, we will fight and live in the revolutionary spirit of Mt. Paektu as during the days of anti-Japanese struggle without missing one foot.

The road we are traversing now is the road of revolution which reaches the secret camp of Mt. Paektu. On this road, we will consummate the chuche-oriented revolutionary cause for sure by inheriting the anti-Japanese revolutionary spirit to next generation and faithfully upholding the leadership of the respected and beloved leader Comrade Kim Chong-il.

Achievements in Medical Science Highlighted

SK3105151594 Pyongyang KCNA in English 1505 GMT 31 May 94

[Text] Pyongyang, May 31 (KCNA)—Medical workers of Korea have produced many inventions and new technical innovation proposals over the last one year.

Nearly 40 kinds of tonics and medicines of 400 categories and new rational technical proposals have been produced by pharmacutists.

Noteworthy among them are Chinju pills for cleansing the brain, and medicines which are made of *Koryo elongatum maxim*, and chlorophyll isolated from silkworms' discharge.

Chlorophyll is highly popular as a natural tonic. It is specially effective for arteriosclerosis, hypertension, gastric ulcer, diabetes, neuralgia, hemorrhage, etc. It is used also in making tooth paste and coloring matters in the daily necessities and foodstuff industries. An absorbent from silkworm's discharge has over 65 percent absorption rate. It is very effective for purifying the blood and eliminating poison by medicaments, harmful gas and toxic materials.

Tea, honey and extracts from *Koryo elongatum maxim* which grows in the area of Mt. Paektu, the northernmost region of Korea, elevate the mental state and recover memory and energy and also serve as good tonics. They prove especially effective for neurasthenia and physical weakness and increase sexual functions of the old. Medical workers of the hospital of the Pyongyang University of medicine have developed over 50 kinds of curative and preventive medicines and reagents, while giving medical assistance to working people.

Tanmimol tablet, medium for *negionella* and *aceroni* injection are highly assessed by medical workers. Tanmimol tablet is specially good for acute and chronic enteritis, colitis, dysentery and paratyphus.

The Red Cross General Hospital of Korea, the Kim Man-yu hospital and hospitals of provincial universities of medicine have developed many highly effective medical appliances, which are actively introduced into clinical practice.

The device of diagnosis and therapy by modulation waves, the centesimal computer of blood corpuscles and the noise neuro metre of diagnosis and therapy are typical medical appliances devised by medical workers of the Kim Man-yu hospital in recent years.

The device of diagnosis and therapy by modulation waves efficacious for rheumatic arthritis, neuralgia and insomnia was awarded an international invention prize. It proves highly effective by stimulating the skin of the patient without using of drugs. Simple in mechanism and portable, it is very popular among the patients.

Medical workers across the country have put forward many new technical proposals to meet the growing demands for medicaments and medical appliances and improve their quality.

South Korea

DPRK 'Ready' for Continued IAEA Negotiation

SK3005053994 Seoul YONHAP in English 0532 GMT 30 May 94

[Text] Beijing, May 30 (YONHAP)—Despite the current stalemate with the International Atomic Energy Agency (IAEA), North Korea has reportedly said it would do its best to solve the problem through talks with the United States by guaranteeing the transparency of its nuclear program.

China's official XINHUA News Agency on Sunday quoted a North Korean Foreign Ministry spokesman as saying Saturday [28 May] his country and the IAEA met May 25-27 to negotiate technical matters related to removing fuel rods from the 5-megawatt reactor at Yongbyon, revealing that Pyongyang would continue independent discharge of the spent fuel.

During the negotiations, North Korea reportedly proposed that under IAEA supervision it would independently replace and store the fuel rods, which would later be measured by the agency, after the preparation of a package deal between Washington and Pyongyang.

In response, the IAEA asked Pyongyang to submit the proposal in writing for further examination, the news agency said.

XINHUA quoted the Foreign Ministry spokesman as saying that Pyongyang was ready to continue the negotiations whenever the IAEA offers to meet, even though a final agreement was yet to be made between the two sides.

North Korea has been discharging nuclear fuel rods faster than expected, virtually blocking the IAEA's plan

to take samples. The agency wishes to conduct direct tests of the discharged fuel rods to determine whether North Korea has diverted plutonium, the key element in manufacturing atomic bomb, for other purposes.

DPRK Reportedly Removed 60% of Fuel Rods

SK3105085494 Seoul YONHAP in English 0846 GMT 31 May 94

[Text] United Nations, May 30 (YONHAP)—North Korea, speeding up the discharge of fuel rods from its 5-megawatt nuclear reactor in Yongbyon, had removed 60 percent of the rods as of Monday, a source at South Korea's U.N. mission said.

A mission official said the information became known after the International Atomic Energy Agency (IAEA) reported to the U.N. Security Council, explaining that "the council's quick adoption of a presidential statement reflects the urgent state caused by North Korea's fast refueling of the nuclear reactor."

Referring to IAEA Director-general Hans Blix's letter on May 27 to U.N. Secretary-general Butrus Butrus-Ghali, the official noted that "only two days remained for that opportunity." In the letter, Blix said that if North Korea continued removing fuel at the present pace, the chances for selecting, segregating and storing the discharged rods for later IAEA measurement would be lost in a few days.

Accordingly, the North Korean nuclear crisis is expected to reach a critical stage in the middle of this week. It is also anticipated that the Security Council would take follow-up action such as adopting a resolution warning of economic sanctions if Pyongyang continued discharging the fuel rods.

IAEA on 'Decisive Opportunity' To Take Samples

SK3105120094 Seoul KBS-1 Radio Network in Korean 1000 GMT 31 May 94

[Text] If North Korea does not stop the work of replacing the fuel rods within two to three days, the International Atomic Energy Agency [IAEA] made a final conclusion that the transparency of North Korea's nuclear issue cannot be verified. The IAEA plans to make an additional report on this to the UN Security Council [UNSC] sometime this weekend. Following is a report by Cha Man-sun from Vienna.

[Begin Cha Man-sun recording] The IAEA believes that the statement on North Korea, which was urgently adopted at the UNSC today, will stimulate the resolution of the fuel rods issue, and anticipates a positive response from North Korea. However, if North Korea does not show a positive response in two to three days by immediately suspending the work to replace the fuel rods, a decisive opportunity to take samples will be lost.

Currently, the work to replace the fuel rods is being carried out at a very quick pace with the presence of two

inspectors, and it seems that over 4,000 of the 8,000 fuel rods will be replaced in two to three days.

Therefore, if North Korea does not immediately implement the UNSC's demand, the IAEA will make a final decision saying that it has reached a stage in which it cannot verify the transparency of North Korea's nuclear issue, and then report this to the UNSC sometime this weekend to urge that additional measures on North Korea be taken.

The two inspectors who are in Yongbyon reported that the work to replace the fuel rods has reached a limit in which it is difficult to take samples, and that if the work to replace the fuel rods was stopped, there would be no safety problem at all at the atomic reactor. [end recording]

DPRK Delegate to IAEA on Fuel Rods Issue

SK3105232894 Seoul KBS-1 Radio Network in Korean 2300 GMT 31 May 94

[Text] Yun Ho-chin, the North Korean senior delegate to the International Atomic Energy Agency [IAEA], held a news conference in Vienna and said that the ongoing replacement of fuel rods cannot be suspended but the locations of 40 rods have been recorded and stored in one basket. Thus, the IAEA will be able to measure them.

Delegate Yun Ho-chin added that the fuel rods have been stored under water in view of an automatic surveillance camera installed by the IAEA.

IAEA Suggests Fuel Rod Surveillance Methods

SK0106005294 Seoul KBS-1 Radio Network in Korean 0000 GMT 1 Jun 94

[YONHAP from Berlin]

[Text] In order to confirm the operational history of the reactor in Yongbyon, the International Atomic Energy Agency [IAEA] on 31 May suggested technological methods to the North Korean side, but the North Korean side pointed out that it is already storing fuel rods taken from the reactor in Yongbyon according to its own standards in a bid to prepare for later measurement by the IAEA.

The IAEA revealed that confirmation of the location of fuel rods required for later measurement is impossible with the North Korean side's method of storing fuel rods, and suggested technological methods that would enable confirmation of whether nuclear material was converted or not.

To this, Yun Ho-chin, councilor in the North Korean Embassy in Vienna, suggested that North Korea will continue replacing fuel rods. However, he stressed that North Korea did not mix the fuel rods after taking them out at random [mujakchong], but that the locations and serial numbers of fuel rods have been clearly recorded

before a surveillance camera and the fuel rods have been kept in a covered [chapye] water tank.

Meanwhile, Hans Meyer, a spokesman of the IAEA, said that in the event that North Korea continues the replacement of fuel rods, in a few days, the IAEA will come to a point where it will not be able to analyze the history of operation of Yongbyon reactor

DPRK Rejects IAEA Suggestion

SK0106023594 Seoul YONHAP in English 0222 GMT 1 Jun 94

[Text] Berlin, May 31 (YONHAP)—The International Atomic Energy Agency [IAEA] said Tuesday it has proposed that North Korea take technical action that would enable the IAEA to confirm the history of reactor operations at Yongbyon despite the fact that Pyongyang's replacement of fuel rods has already passed the halfway mark. North Korea, however, announced that it has selected and stored spent fuel rods taken from the 5-megawatt reactor according to certain standards in an effort to guarantee future measurement of the rods.

The IAEA emphasized that it could not accept North Korea's method because it would not be able to confirm the location of the fuel rods, which is necessary for future measurement. Without confirming where the spent fuel rods had been located, the agency could not determine whether the North Koreans had diverted nuclear material, according to an IAEA announcement.

Yun Ho-jin, counselor at the North Korean Embassy in Vienna, stressed that the refueling is proceeding and "it should not be stopped."

Yun added, "we are not shuffling the spent fuel rods discharged from the reactor but putting them, 40 at a time, into a radioactivity-proof tank after writing the location and serial numbers on the rods, with monitoring cameras operating."

Therefore, when the nuclear problem is solved through a package deal between Pyongyang and Washington, the IAEA can find necessary fuel rods based on the records and measure them, he said.

The IAEA wants to take 300 fuel rod samples from 30 fuel rod channels, Yun explained, and has demanded that North Korea segregate and secure 10 fuel rod bundles per channel.

North Korea, however, is putting 40 fuel rods from four channels into a case, increasing the number of sample fuel rods to 1,200, Yun said.

"The IAEA is actually demanding that North Korea accept ad hoc and routine inspections," he said. "We can never accept this demand, considering our special position that we reserved our decision to withdraw from the nuclear nonproliferation treaty (NPT)."

Meanwhile, IAEA Spokesman Hans Meyer confirmed that North Korea had not stopped replacing fuel rods in spite of a statement by the president of the UN Security Council.

He expected that the refueling would reach a critical point in one or two days, after which the IAEA could no longer analyze the history of the reactor's operations.

The UN Security Council Tuesday adopted a presidential statement demanding that North Korea comply with IAEA safeguards.

Dailies View UN Statement on DPRK Issue

SK0106071594

[Editorial Report] The following is a compilation of editorials and articles carried by ROK vernacular newspapers on 1 June commenting on the UN Security Council presidential statement on the North Korean nuclear issue.

Conservative CHOSON ILBO on page 3 carries a 1,000-word editorial entitled "Though Another Presidential Statement Has Been Released...." which starts out by saying that this statement is a "very soft statement," then notes that "North Korea is unlikely to comply with this statement" and that "this may have merely added an ace card to North Korea's hand of nuclear cards." Pointing out that "the stronger the North Korean position, the more carrots the International Atomic Energy Agency [IAEA], the ROK, the United States, and the United Nations have offered," it concludes by saying: "Even if the international community imposes sanctions on North Korea, North Korea, which is enjoying the nuclear game, is not expected to promptly change its attitude. Also, if the international community tries to resolve the issue through negotiations even while going in the direction of sanctions, North Korea will try to take ill advantage of this, as well. Therefore, resolving the nuclear issue requires our side's resolute will."

The moderate TONG-A ILBO carries a 1,000-word editorial on page 3 entitled "Quickened Pace at the Security Council." The editorial first describes the background of the UN Security Council's adoption of the presidential statement and notes that "if North Korea refused to accept the UN Security Council's presidential statement, the Security Council will, unavoidably, pursue sanctions." It then says that "we cannot accept any negotiations in which North Korea's past nuclear activities will be overlooked" and that "the carrots that will be available to North Korea once the North Korean nuclear issue is resolved diplomatically have already been made public." The editorial finally expresses the hope that "North Korea will make a wise choice."

The left-leaning HANGYORE SINMUN carries a 1,000-word article by correspondent Chong Yon-chu in Washington on page 3 entitled "Sanctions Will Be Inevitable If North Korea Continues To Replace Fuel Rods." The article starts out by saying that the adopted presidential

statement is likely to lead to the resumption of negotiations between North Korea and the IAEA, and that it is speculated that North Korea may stop short of replacing fuel rods at the last moment. The article then notes that if North Korea should continue to replace fuel rods, "this should be interpreted as North Korea's determination not to disclose its 'nuclear past' at all costs."

Moderate CHUNGANG ILBO carries a 1,200-word article by reporter Kang Yong-chin on page 3 entitled "Government's Measures on the North Korean Nuclear Issue."

The article says the ROK Government is busy mapping out measures as the uncertainty over the North Korean nuclear issue increases and is even examining the possibility of imposing sanctions against North Korea by the ROK, the United States, and Japan if North Korea refuses to resolve the nuclear issue through dialogue and if international sanctions are not possible because of China's veto at the UN Security Council. It also says that even though it considers military sanctions to be undesirable, the ROK Government is looking into possible measures should the United Nations or the United States choose to impose military sanctions.

The moderate HANGUK ILBO carries on page 3 a 1,000-word article by Kim Su-chong, the correspondent at UN Headquarters. The article points out that "China's flexible position made it possible for the UN Security Council to adopt the presidential statement immediately," and quotes a Chinese diplomat as saying "China is concerned about the possible situation to be resulted from the rupture of North Korea-U.S. talks if North Korea continues hurried replacement of fuel rods."

The article says that "without any concrete countermeasures against the North Korean nuclear issue, the United States seems to expect that the presidential statement of the UN Security Council will induce Chinese influence upon North Korea as well as urge it to accede to dialogue."

The article concludes by noting the possibility that "North Korea will break through the crisis caused by its fuel rods replacement by using its unique tactic," and saying: "North Korea has used a hide-and-seek tactic. While driving the nuclear issue to a critical phase, North Korea has strung the United States along by offering dialogue whenever the UN Security Council was going to take measures against it."

The moderate KYONGHYANG SINMUN carries on page 3 a 900-word article by New York and Washington-based correspondents Pak Su-man and Yi Chong-yon. After explaining the background of the adoption of the recent UN statement on North Korea, the article reports that "the IAEA's abandonment of negotiations and the abrupt adoption of the UN Security Council president's statement on the North Korean nuclear issue has made the prospect of U.S.-North Korea dialogue very cloudy."

The pro-government SEOUL SINMUN carries on page 5 a 900-word article by Washington-based correspondent Yi Kyong-hyong. The article stresses the following three points as being significant in the adoption of the UN statement on North Korea: First, the statement "supports the IAEA position on future measurement of nuclear fuel rods;" second, the implication in the statement that "the UN Security Council's will to take immediate follow-up measures, such as sanctions, if North Korea rejects the future measurement of fuel rods;" and third, the promptness shown in adopting the statement. It stresses that this reflects the UN Security Council's recognition that "the issue of replacing North Korea's fuel rods is an imminent problem in need of a speedy solution."

Regarding China's position, the article cites experts' analysis that "in view of smoothed relations with the United States, China will take great account of the fact that the denuclearization of the Korean peninsula complies with its own interests." Quoting diplomatic sources in the United Nations and Washington, the article also reports that China will "inactively participate" in taking possible follow-up measures against North Korea.

PRC Ambassador: PRC Supports UN Statement

SK0106014194 Seoul KBS-1 Radio Network in Korean 0102 GMT 1 Jun 94

[Text] Zhang Tingyan, PRC Ambassador to the ROK, said that China also supports the statement adopted by the UN Security Council yesterday regarding the North Korean nuclear issue, thus stressing that there are no changes in China's position of supporting a denuclearization on the Korean peninsula.

At a lecture arranged by a Graduate School of the Business Administration of Korea University this morning, Ambassador Zhang stressed that China's position that North Korea should not possess nuclear weapons remains unchanged, and that China is making efforts to resolve the North Korean nuclear issue.

Ambassador Zhang said that the North Korean nuclear issue should not be resolved by force of arms, but that he hopes that it can be peacefully resolved through dialogue.

He added that although North Korea is in a very difficult situation due to its economic difficulties, he expects that it will gradually carry out an opening up policy.

DPRK Said To Oppose Russia's NAM Participation

SK3005134894 Seoul KBS-1 Radio Network in Korean 1300 GMT 30 May 94

[Report by NAEWOE News Agency]

[Text] It is noteworthy to note that it appears that North Korea will actively oppose Russia's participation in the Nonaligned Movement's [NAM] meeting and demand

that the articles on the U.S.- DPRK talks and on implementing the International Atomic Energy Agency's safeguards accord be eliminated in the content of the draft of the final declaration, at the 11th nonaligned foreign ministers' meeting, which is to begin on 31 May.

North Korea, which is dispatching a 16-man delegation including Foreign Minister Kim Yong-nam, is strongly opposing Russia from joining the nonaligned meeting by saying that it runs counter to the ideology of the non-aligned meeting.

Among the content of the draft of the final declaration, North Korea will request the elimination on the part on the U.S.-DPRK talks and on implementing the nuclear safeguards accord. It is strengthening diplomatic activities with nonaligned countries.

Russia, DPRK To Allow DPRK Loggers Passports

SK0106044594 Seoul TONG-A ILBO in Korean 1 June 94 p 2

[By Mun Myong-ho from Moscow]

[Text] Grigoriy Karasin, spokesman of the Russian Foreign Ministry, said on 31 May that Russia and North Korea had agreed to allow North Korean workers working at timber logging camps in Siberia, Russia, to separately and freely carry their passports in the future.

In a regular briefing held that day, Spokesman Karasin said that during the third Russia-North Korea negotiations to revise an agreement on the forestry cooperation held in Pyongyang from 14 to 24 May, working-level delegates from both Russia and North Korea had agreed to allow the North Korean loggers to carry their passports in Russia so that they can immediately show them to Russian officials when they are asked to show identification.

This indicates that the North Korean loggers can freely travel throughout Russia, as well as go outside of Russia if they want. It can be, therefore, regarded as important progress for their human rights.

The Russian Foreign Ministry has said that all foreigners, who legally stay in Russia with proper documents, can freely travel to third countries if they have done nothing contrary to the law, such as committing criminal acts in Russia.

North Korean authorities who have managed the timber camps in Siberia thusfar, have kept their loggers' passports all together and instead issued certificates that can only be used within the camps. This has served as an important factor in keeping them from travelling freely.

Spokesman Karasin also said that the delegates from the two countries agreed to include a special regulation which specifies that the North Korean workers shall work according to the Russian law and its working-hour system in their new agreement on forestry cooperation.

SRV, DPRK Reportedly Discuss Arms Sale

SK3105034494 Seoul CHOSON ILBO in Korean 31 May 94 p 5

[YONHAP from Moscow]

[Text] A Vietnamese military delegation secretly visited North Korea and discussed expanding mutual military cooperation, including the purchase of weapons manufactured by North Korea, reported the ITAR-TASS News Agency on 30 May in a Pyongyang-dispatched story.

Quoting a well-informed intelligence source in Pyongyang, the news agency reported that the Vietnamese military delegation visited Pyongyang in May and, during its visit, discussed with the North side the Vietnamese defense minister's visit to Pyongyang slated for July and the arms purchase.

Weekly Reviews DPRK's Food 'Difficulties'

SK2805080894 Seoul CHUGAN CHOSON in Korean 2 Jun 94 pp 68-70

[Article by Kim Song-hun, professor of industrial economics at Chungang University in Seoul]

[Text] There have recently been a series of relevant testimonies by North Korean defectors and also a news report about President Kim Il-song's request to a foreign country for food aid. With this as momentum, the widespread rumor about North Korea's difficulties in food supply has turned out to be true, thereby arousing the general public's great interest. Because we also had much difficulty at one time in the seventies and in the early eighties, we all know well that North Korea's food shortage is not of the nature that we can just gloat over. This is because that issue is, rather than the one that should be seen from a political or military viewpoint, a prerequisite to the maintenance and development of human survival and is a task that should be solved together with a compatriotic love.

This notwithstanding, the statistics about food are still a secret to the outside in North Korea. We are at a loss on how to help because the truth cannot be known, and the reality is that we cannot do anything because we might touch a sensitive matter of taboo.

The Food Situation in North Korea Veiled in Mystery

The only official statistics about North Korea's food situation is the record of production of food crops which North Korea is reporting on a regular basis to the United Nations Food and Agriculture Organization [FAO] every year. It is internationally acknowledged that the reliability of this report is that it is only for reference. To sum up the data reported to FAO, as seen in table one, North Korea recorded grain production in 1992 at a level similar to that of 1991. In terms of roughly refined grain, the production break-down follows: 5.8 million tonnes of rice (4.18 million tonnes in terms of finely

refined rice—about 29 million sok [one sok equals about 5.12 U.S. bushels]); 200,000 tonnes of wheat; 4.5 million tonnes of corn; 460,000 tonnes of beans; and 200,000 tonnes of barley and others grains. The volume of all these total as much as 11 million tonnes in terms of roughly refined grain production. This is an enormous volume amounting to about eight million tonnes in terms of finely refined grains. Even without the volume of 2.5 million tonnes of potatoes, including sweet potatoes, this means that North Korea has already been in a chronic glut of food crops. But, the grain production volume of North Korea is too high when compared with 1992's grain production of no more than 5.97 million tonnes in South Korea which has many more rice paddy fields than the North—though the size of the total arable land of South and North Korea is roughly the same. In other words, this means that North Korea's per capita grain consumption is as much as 365 kg—65 kg more than the maximum average volume an adult can consume annually. Even considering its stockpiles for an emergency, North Korea, with a population of 23 million people ought to have exported annually about 1.5 million tonnes of grains over the past two or three years.

In terms of finely refined grains, aside from rice, this means that every person of North Korea's whole population consumed about 182 kg of rice in 1992 thanks to that year's production of as much as 4.176 million tonnes (29 million sok), a 13.7 percent increase over 1983 when the production was no more than 3.672 million tonnes (25.5 million sok). This amount is as much as 70 kg more than South Korea's per capita consumption of about 182 kg the same year. Considering that North Korea is producing annually as much as 4.5 million tonnes (as reported to FAO) of corn, its second most important food staple next to rice, this is construed as meaning that rice, its primary food staple, is in rampant excess everywhere in North Korea.

Therefore, the details of North Korea's food statistics which are veiled in mystery are incoherent. The FAO is quite at a loss as to this data under the circumstances in which it has to compile and make public such statistics about grain production. Even if the organization dispatches an investigator to North Korea, then, it would also face the difficulty of making a confirmation. Thus, it is just printing out annual reports as received.

Under these circumstances, we can never expect anyone, if he is not an expert, to make a comparative analysis as seen above. On the contrary, most of amateurish North Korea researchers are faced with a dilemma in this regard. They cannot but trust FAO statistics, and cannot, either, flatly negate news reports about North Korea's food shortage. By the way, an event, which can be said to be "revolutionary," took place inside FAO this year. FAO has made public statistics about 1993's food production—though tentative—, about which official reports have not been compiled yet, on the basis of an estimate which is calculated to be 22.4 percent lower than 1992. FAO made public data of rice production by lowering the volume by 33 percent.

Statistics compiled by ROK research institutes are also different from one another, and have only added to the confusion because they differ from data compiled by U.S. CIA's satellites.

In order to avoid such confusion, the National Unification Board [NUB] has recently had the Office of Rural Development experiment in doing farming as patterned after the reality in North Korea, thereby making public data for a general study, which are relatively close to the reality.

Therefore, according to the "present status of North Korea's economic situation" compiled and released by the NUB on 21 August, 1993, with the help of a relevant agency, North Korea's gross grain production, in terms of finely refined grains, was 4.81 million tonnes in 1990; 4.43 million tonnes in 1991; 4.27 million tonnes in 1992; and 3.88 million tonnes in 1993, showing a large gradual decrease. Outwardly, these figures show a remarkable difference in annual production by about as much as 3.5 million tonnes from North Korea's report to FAO.

According to the estimated statistical figures released by the NUB, in 1991-1992 alone North Korea was short of at least 1.3 million-2.3 million tonnes of provisions. Meanwhile, according to the recent data released by the Organization for Economic Cooperation and Development and the International Monetary Fund (CHOSON ILBO dated 29 April 1994), North Korea imported 649,000 tonnes of grains from China and 177,000 tonnes from Turkey during 1992. In addition to this, North Korea also seems to have imported 250,000 tonnes of grains secretly from the United States during the same year. In other words, this means that North Korea imported a total of slightly over one million tonnes during 1992.

However, the estimated amount of North Korea's harvest in 1993 showed a shortfall of 400,000 tonnes over 1992. As a result of this, it is apparent that North Korea's food situation in 1993-1994 has become more serious. In view of such a situation we cannot sternly say that some North Korean defectors' remarks revealing that even some stockpiled rice for military use was released and supplied to civilians as an emergency step and that it has become impossible even to take such a step now are totally groundless. Now North Korea also suffers from a shortage in foreign currency and so, it cannot afford to purchase for cash grain from foreign countries. It has relied only on its import of grant-type grains from China.

With the recent increase in the number of North Koreans who are escaping from North Korea via China and Russia it has become no longer possible for North Korea to conceal its food shortage. Furthermore, in recent years North Korea has begun to almost openly purchase grains from foreign countries in an effort to maintain stability in its political system in the wake of the power transfer to the Kim Chong-il system.

Until 1990 North Korea had carried out trade on a barter system with China by giving rice to China and

taking corn of greater quantities of its rice from it. However, afterward North Korea began purchasing in earnest rice and corn from Thailand, the United States, Canada, Australia, and Turkey. However, as mentioned above, North Korea has relied on imports of grains mainly from China since 1992.

North Korea's failure in agriculture is caused by its political system

In 1991 and 1992 the North Korean authorities reported to the FAO that they had achieved a bumper crop in these years. However, the food situation in these years and in 1993 was so bad that food was not distributed to residents on time and that collective resistance took place in some regions as a result.

In sum, it is evident that North Korea's food situation has become more serious particularly in recent years, and the people's complaints are mounting. Riced corn, which is made of corn flour, has appeared as a rice substitute, and corn noodle appeared as a wheat noodle substitute. Even noodle mixed with powdered herb roots and tree bark has appeared in North Korea today.

Chinese and Korean residents in China should bring their own food and foodstuffs with them when visiting North Korea. People carrying flour bags on their heads or backs are a common sight at border check points.

The main cause for the worsening agricultural and food situation of North Korea lies in the natural, physical, and technological restrictions in North Korea.

As Karl Marx said, "the productivity of agricultural labor is closely linked to natural conditions." In view of this, North Korea is definitely unfavorable than South Korea in terms of natural and physical farm conditions. However, we cannot say that North Korea is unfavorable compared to the three provinces of Northeast China which are located north of North Korea.

Therefore, the natural and physical factors cannot become the main cause of North Korea's agricultural failure. Denmark's agriculture which has developed by cultivating a desert, Israel's agriculture which has been built on swamps and barren land, Switzerland's agriculture on mountain-side terraced fields, and Netherlands' agriculture on the sea have created a miracle and evoked the world people's admiration despite their unfavorable conditions.

The main cause of the low productivity of North Korea's agriculture should be found in the shortcoming of its agricultural management system. In other words, the problem of North Korea's agriculture lies in its centralized planned economy which cannot properly adapt itself to the rapidly changing natural, environmental conditions and in its uniform, collectivist economic system. It is difficult to expect a substantial technological revolution in agriculture through North Korea's present system of ownership by all of the people and its collectivist cooperative system of agriculture—which have

ended in failure in former socialist countries—and through the repeated emphasis of the so-called *chuche* farming method. In particular, it is also difficult to whip up the production will of farmers by repeatedly stressing the ideological revolution and the cultural revolution among them without giving incentives to their production efforts as we see in the capitalist economy.

Agricultural exchange between the North and the South is urgently needed

North Korea has relatively favorable circumstances and conditions in solving the basic problem of its "continuous poverty." In the early seventies, North Korea's potential strength surpassed that of the South Korean economy. In other words, North Korea's foundation for material growth and human capability, that is, its labor force, cannot be underestimated even today. North Korean agriculture's scientific and technological level of is not inferior to that of any developing countries. North Korea's plant breeding and farm cultivation technology, too, have reached a considerable level. The foundation for mechanization of the production system of chemical fertilizer, as well, are fairly good. The problem is, however, that a key mechanism which can combine these

factors into one and vitalize them, is necessary. In other words, this means that an incentive system based on the market economics should be introduced.

In light of the fact that the rate of self-sufficiency in food supply in South Korea remains at the 30 percent level and that agriculture is the most vulnerable field of the South Korean economy, it is necessary for the North and the South to seek mutual cooperation in agriculture, including the exchange of agricultural technology and capital.

The most serious problem in South Korea's agriculture is that it is losing international competitiveness in the prices of agricultural products due to the high prices of agricultural labor forces and the increase in land prices. In other words, the only problem that South Korea is faced with today despite the fact that it has capital, technology, plants, and high-standard agricultural labor forces, is the lack of international competitiveness in the prices of agricultural products.

Such being the situation, strengthening cooperation in agriculture with North Korea which has basic material and human foundations for agricultural development can, I believe, open a new horizon in South Korea's agriculture.

Table 1. Statistics on Major DPRK Grain Yield from 1982 to 1992 (Source: FAO Report on the World Food Situation, 1993); unit: 1 million tonnes

Items	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Rice	5.0	5.1	5.0	5.1	5.5	5.7	5.6	5.4	5.3	5.6	5.8
Wheat	0.13	0.16	0.2	0.2	0.2	0.21	0.21	0.21	0.22	0.22	0.2
Miscellaneous cereals (corn, millet, barley)	4.5	4.6	4.9	4.8	4.8	4.8	4.8	4.7	4.7	4.7	4.7
Subtotal	9.6	9.8	10.1	10.1	10.5	10.7	10.6	10.3	10.2	10.6	10.7
Other crops (sweet potato, potato, yam)	2.0	2.1	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.5	N/A
Bean	0.4	0.4	0.4	0.43	0.44	0.45	0.45	0.42	0.46	0.45	N/A
Minor cereals:											
Corn								4.5	4.4	4.5	N/A
Barley								0.2	0.2	0.1	N/A
Millet								0.02	0.02	0.02	N/A

Table #2 Estimated 1993 DPRK Grain Yield (Source: Estimate of North Korea's 1993 Grain Production, the Office of Rural Development, 1994)

	Total	Rice	Corn	Bean	Misc. Crops	Other grains
Farm Area (unit: 1,000 ha)	1,586	568	618	200	100	100
Production (kg) per 10a	245	232	318	98	312	95
Yield	3,884	1,317	1,963	197	312	95
(1,000 t)	(4,268)	(1,531)	(2,112)	(218)	(312)	(95)

Note: Figures in () are 1992 yield amounts.

U.S.'s Gallucci Interviewed on Nuclear Issue

SK3005151994 Seoul HANGYORE SINMUN in Korean
28 May 94 p 4

[“Exclusive” interview with Robert Gallucci, ambassador in charge of nuclear issues of the U.S. State Department and head of the U.S. delegation for the U.S.-DPRK high-ranking talks, by Washington correspondent Chong Yon-chu at Gallucci’s office in the State Department building on 26 May, Korean time]

[Text] [Chong Yon-chu] The DPRK-U.S. working-level contact started in New York at 1100. What results do you think will be achieved?

[Robert Gallucci] As you know, it is not customary to reveal the content of the New York working-level contact (the DPRK-U.S. New York contact which started at 1100 lasted six hours). At the recent New York contact held early this week, we conveyed our opinion on holding the third round of DPRK-U.S. talks and the replacement of the fuel rods which is currently an issue. I hope that an agreement can be reached very soon on the third round of talks, and that North Korea will take corresponding measures regarding the demands by the International Atomic Energy Agency [IAEA] which are necessary in having an understanding of how the atomic reactor was operated in the past through further measurements of its fuel rods.

[Chong] At a recent special briefing at the State Department, you made an optimistic and encouraging remark on holding the third round of talks. What are the prospects for the third round of talks?

[Gallucci] We are prepared to hold the third round of talks as soon as possible. We also notified North Korea on several occasions on the basis for holding the third round of talks. Now that basis has been provided. North Korea accepted the nuclear safety measures revealed at the 31 March statement by the chairman of the UN Security Council, and finished additional inspection [chuga sachal] on the radiochemical laboratory, which was not completed in March, and follow-up inspection [husok sachal] necessary in maintaining surveillance equipment. In addition, there was no diversion of nuclear material in the fuel rods extracted from the atomic reactor. Therefore, considering the current situation, the basis for the third round of talks has been provided and, thus, we are prepared to hold the third round of talks.

However, one point that we have to bear in mind is that a precondition for the United States to continue talks with North Korea is that North Korea must accept the demands by the IAEA to guarantee further measurements on the fuel rods which were extracted. If an agreement is not reached soon on selecting, separating, and storing the sample of the fuel rods as demanded by the IAEA, and thus it is impossible to carry out further measurement, not only will the basis for the dialogue disappear, but this issue will be directly handed over to

the UN Security Council. Therefore, considering the current situation, there are both positive and negative elements. On the one hand, we are faced with the third round of talks characterized as extensive and thorough talks, while on the other hand, it is being regarded that issues to be agreed upon between North Korea and the IAEA are being regarded as a time bomb. This time bomb is not ticking on our side but it is ticking from the North Korean side. This is because if North Korea wants, it can stop it from ticking any time it wants.

[Chong] You said that an early agreement must be reached. How much time do you think it will take before the situation aggravates, in which the expression, time bomb, is used?

[Gallucci] How quickly the situation aggravates will be dependent on how quickly and in what pattern North Korea extracts the fuel rods. If it postpones the replacement of the fuel rods and agrees to the selection, separation, and storage of the necessary samples in further measurements, the time bomb can be stopped.

[Chong] Is the work to replace the fuel rods not being conducted under the surveillance of the IAEA?

[Gallucci] Yes. Not only is the inspection conducted by two to three team members on the spot at the atomic reactor, but it is also conducted under the surveillance of the “storage surveillance” equipment which consists of a spent fuel measuring instrument and monitoring camera that shows when the spent fuel was extracted and moved to the storage water tank.

[Chong] What are the prospects for discussing the issue of normalizing relations between the DPRK and the United States at the third round of talks?

[Gallucci] If the nuclear issue is resolved, relations between the two countries will be able to move toward a more normal relationship. We hope that this will be achieved.

[Chong] Please explain in detail what you mean by “a more normal relationship.”

[Gallucci] There are various models in normalizing a relationship. I hope that you paid attention to which model the United States chose in pursuing the normalization of relations with Vietnam recently, and which channel the United States chose in the past to normalize relations with China. If North Korea resolves its nuclear issue, we will take corresponding measures.

[Chong] Looking at the experiences with Vietnam and China, normalizing the relationships started with the opening of liaison offices.

[Gallucci] I believe that it is important to resolve issues of interest of the both sides amid the framework of gradually improving relations by taking simultaneous measures. I repeat that the third round of talks is a place to extensively and thoroughly discuss all political and economic issues of interest.

[Chong] North Korea has been showing much interest in introducing the light-water atomic reactor. If North Korea introduces does this, it will be able to erase doubts regarding the development of nuclear weapons. To what degree can the United States help North Korea in giving a technological head start to the light-water reactor?

[Gallucci] North Korea requested such help at the second round of talks held in Geneva last year. We positively accepted North Korea's proposal. We also said that we are prepared to give help to North Korea so that it can have technology to change into light-water reactor with the international community.

[Chong] However, is it not true that there is in reality a limit in giving such help in your domestic law?

[Gallucci] Assisting North Korea to introduce the light-water reactor is dependent on whether the nuclear issue is resolved. Even if we gave help to North Korea, it does not mean that we would give Westing House's and General Electric's light-water atomic reactor. There are always ways to give help and avoiding practical restrictions. Other than the United States, there are many countries including France, Germany, Japan, and Russia that have light-water reactors. There are many countries that can give financial help to North Korea as well.

[Chong] There are various views within the U.S. Administration on North Korea's nuclear capability. Why are there different viewpoints on the same information?

[Gallucci] This is because the information is incomplete. To our knowledge, there is an enormous uncertainty in the content North Korea notified to the IAEA. North Korea notified that plutonium was extracted according to the gram unit, but according to the analysis based on the samples extracted by the IAEA inspection team, there is a possibility that, in reality, North Korea may possess plutonium according to the kilogram unit. There is an "inconsistency" between the notified quantity and the actual analysis. We cannot explain this inconsistency with the current evidence. Therefore, it was necessary to conduct a special inspection [tukpyol sachal]. This means that North Korea may possess plutonium according to the kilogram unit. However, that evidence is not decisive.

Nuclear materials such as plutonium and enriched uranium are not enough to manufacture nuclear weapons. There must be a "triggering system," a system which makes nuclear materials explode with energy. This triggering system requires time and expertise. Because of this, there are different opinions on whether North Korea truly has only nuclear materials or whether it also possesses a triggering system necessary to manufacture nuclear weapons. Therefore, there are different opinions on the degree of North Korea's nuclear capability.

[Chong] Exactly one year has passed since the first round of talks. Looking back at the past year, how can you assess the year before and now?

[Gallucci] There are both positive and negative aspects. During the past year, the nuclear safeguard measures on North Korea's nuclear facilities were maintained; North Korea did not extract even one gram of plutonium; there were nuclear inspections on several occasions; and North Korea is still under the Nuclear Nonproliferation Treaty system. These are the positive aspects of the past year. There is also a negative aspect which is that no concrete progress was made. In other words, we do not know how much plutonium was actually extracted and we were not able to clearly examine the "inconsistency" discovered by the IAEA. In a nutshell, there are aspects in which to have hope for, but there are also aspects that are dangerous.

MND Purchases 'Defective' U.S. Weaponry

SK0106091594 Seoul CHOSON ILBO in Korean 1 Jun 94 p 2

[Article by reporter Kang Yong-won]

[Text] It was learned on 31 May that the 1.0195 trillion won-scale Piho Project which is now being carried out by the ROK Army and the ROK Air Force (30 mm anti-aircraft self-propelled artillery project) encounters many problems. In other words, the electronic optical tracing device which was developed in the United States has many problems, including a defective sight adjuster while firing.

It was also learned that our Navy's P-3C antisubmarine control aircraft project, too, which is scaled at 620 billion won, had to pay the U.S. manufacturing company \$93 million to recover its discontinued production line. The production line was already discontinued when the project was initiated. At that time our authorities failed to confirm if the company had discontinued the production line because they lacked the capability of collecting sufficient information on the U.S. company.

These facts were revealed in an "Inspection White Paper" released by the Ministry of National Defense [MND] on 31 May after inspecting eight ongoing projects, including the antisubmarine control aircraft project and the Sangmu project, from January to March this year.

It is the first time that the MND released the results of its special inspection of these projects under the Yulgok Project in the form of a white paper. This white paper was released in accordance with the promise that Defense Minister Yi Pyong-tae made at the time of the MND's initiation of the special inspection.

In the case of the antisubmarine control aircraft project, the white paper indicated that our side had to pay the U.S. Lockheed Company, the P-3C antisubmarine control aircraft's manufacturing company, extra money to recovering its already suspended production line, thereby resulting in wasting our budget.

The white paper revealed that the U.S. Lockheed Company had announced the suspension of the production of antisubmarine control aircraft in 1990. Our side had to submit itself to the burden of paying money to recover the suspended production line. This was because our authorities concerned lacked the capability of collecting information.

Renewal of China's MFN Status Assessed

SK2805135094

[Editorial Report] Seoul vernacular newspapers on 28 May publish editorials, reports, and articles on President Clinton's decision to renew China's MFN status.

The moderate TONG-A ILBO carries on page 3 a 1,000-word editorial entitled "The Recovery of U.S.-PRC Relations." Noting that the United States decided to seek "practical interests" instead of "moral obligations" on the human rights issue by renewing China's MFN status, the editorial says that the solution of this problem, which might possibly have caused not only "tension" in relations between the United States and China, but also a "negative impact" in the Northeast Asian situation, is very "fortunate." Explaining the background of granting MFN trading status to China, the editorial stresses that if U.S.-China relations were to be strained by the withdrawal of MFN status, "dark clouds" would be cast on the overall situation in East Asia. The editorial points to China's "important role" in the region, including a role as "mediator" for a solution to the North Korean nuclear issue. The editorial assesses that President Clinton's recent decision is a "positive step" for U.S.-China relations and for the overall situation in the region. The editorial adds that U.S. human rights diplomacy "has not retreated" because China itself is showing "gradual improvement" on the issue and is being watched not only by the United States but also by the entire world.

The editorial predicts, however, that with the United States' "invigorated advance" into Chinese markets, ROK exports to China would accordingly suffer a blow. Nevertheless, the editorial predicts that in the long term, "stability" in East Asia and the promotion of ROK-PRC relations will even "broaden" Chinese markets for ROK commodities. In conclusion, the editorial expresses hope that since China has acquired a "concession" from the United States, China will play a role in resolving the North Korean nuclear problem as demanded by the international community.

TONG-A ILBO also publishes on page 7 a 1,000-word article by Washington-based correspondent Nam Chan-sun under the headline, "Human Rights Policy Pushed Aside by Seeking Practical Interest." Describing the U.S. decision to renew China's MFN status as "the last resort," the article points out that the United States can no longer "ignore" the political and economic "influence" exerted by China and that "economic retaliation" against the United States by China if the MFN status had not been renewed would have a serious impact on the

U.S. economy. The article notes, however, that with the recent decision to renew MFN status, domestic criticism of the U.S. administration's "appeasement foreign policy" will certainly "expand."

The moderate KYONGHYANG SINMUN publishes on page 5 a 1,300-word article by Washington-based correspondent Yi Chong-yon, entitled "The Choice of Practical 'Economic Profits' Rather than 'Human Rights.'" Explaining the background of granting MFN status to China, the article points out that various "interested organizations" in the United States, including large U.S. business groups that advanced into China, demanded that President Clinton put an end to "diplomatic friction" with China over human rights because it is believed that heightened U.S.-China "diplomatic tensions" will be "more unfavorable" for the United States than for China. The article views that the U.S. decision for renewal was prompted by the Chinese Government's "hardline" position on opposing U.S. policy to link China's human rights with the renewal of MFN status, and by the "inevitability" of the U.S. "appeasement diplomatic policy" toward China in its efforts to resolve the North Korean nuclear issue, which is the greatest "diplomatic headache" facing the Clinton Administration, by asking China to exercise influence on North Korea for a solution to the nuclear issue.

Pointing to "strong criticism" raised by "progressive pressure organizations" within the United States on the Clinton Administration's "inconsistent human rights policy," the article says that President Clinton may have to revise his human rights policy toward Asia, and concludes that the recent MFN renewal step for China has certainly caused "damage" to U.S. "diplomatic prestige."

The moderate daily HANGUK ILBO on page 6 publishes articles by Washington-based correspondent Yi Sang-sok and by Beijing-based correspondent Yu Tong-hui on "impressions" in the United States and China seen after the decision to renew China's MFN status. Concerning the U.S. "impressions", the article points out that this decision has caused an "enormous shock" in both official and civilian quarters within the United States, because this decision is not merely for the "extension" of the status, but signifies an "epoch-making" step in U.S. Government policy not to link human rights with trade any longer. The article explains in detail a few points that made President Clinton change the policy, including the U.S. "economy first-policy" and the inevitability of regarding China as a "regional partner" for maintaining stability in Asia. Pointing to the "immediate criticism" of President Clinton's decision by U.S. human rights organizations and some U.S. congressmen, the article notes that contrary to this, U.S. business circles "heaved a sigh of relief" and expressed satisfaction with the possibility of increasing exports to the Chinese markets.

Concerning the Chinese side's "impressions", the article notes that China "welcomed" the U.S. decision and

accepted it as a "wise decision." The article writes, however, that China predicts that in an attempt to appease criticism within the United States for President Clinton's "violation of his election pledges," the President will demand "greater economic concessions" from the Chinese side.

The moderate SEOUL MAEIL KYONGJE SINMUN on page 6 publishes a 1,300-word article by Washington-based correspondent Kim Kyong-su entitled "U.S. Choice of Practical Interest—the Background of U.S. Renewal of MFN Status for China." Explaining the background of the U.S. decision, the article views that "trade relations" between the two countries was "a decisive factor" for drawing this conclusion, and notes that U.S. exports to China have tripled over the past 10 years and China has become the seventh largest trade partner of the United States. Another factor leading to this decision was the Clinton Administration's view of China as "the only neighbor" who can persuade North Korea for a solution to its nuclear problem.

The article, however, points to "a certain degree of criticism" of President Clinton's decision within the United States for the "result of completely ignoring the human rights issue," and to "differences in views" even between diplomatic teams and economic teams within the government in connection with the linkage of human rights with the renewal of China's MFN status. The article writes that the Clinton Administration's decision clearly shows its "trade- first" policy as seen in recent economic negotiations with Japan and Vietnam.

The pro-government daily SEOUL SINMUN publishes on page 4 a 1,400-word article by Washington-based correspondent Yi Kyong-hyong entitled "U.S. Choice of Practical Interest Rather than Moral Obligations for the Human Rights Issue." The article notes that this decision was prompted, in part, by President Clinton's assessment that the policy of linking human rights with trade is "no longer effective," and by "pressure from interested organizations" within the United States which are striving to promote trade relations with China. Pointing to the increase in U.S. exports to China and to new employment generated by trade with China, the article writes that President Clinton stressed that China shares "common interests" with the United States for attaining "stability" in the Northeast Asia, including the denuclearization of the Korean peninsula. The Clinton Administration's withdrawal of the policy of linking human rights with trade does not necessarily mean the "abandonment" of its foreign policy on human rights, and its decision to ban the import of Chinese-made weapons and ammunition is a "symbolic pursuance of moral obligations" to human rights diplomacy. The article predicts that the U.S. human rights policy will turn from a "linkage strategy" to a "broad-range interference strategy," including support for Chinese organizations which are devoted to human rights and democracy, and strengthening the activities of "Voice of Free Asia" and "Voice of America." The article adds that the

recent step, on the other hand, will also negatively affect Americans' trust in President Clinton's leadership and policy.

The left-leaning HANGYORE SINMUN publishes on page 5 a 1,400-word article by reporter O Yong, entitled "The U.S. Choice of Practical Interest Suggests Great Change in U.S. Policy on Asia." Noting that U.S.-China negotiations over MFN status have ended with "China's victory," the article says the current step by the Clinton Administration can be regarded as a "change in policy" having "impact" on overall U.S. policy toward Asia. Analyzing a few factors that led to this decision, including "enormous market potentials" in China and "fierce criticism" at home and abroad of the policy of linking human rights with trade, the article notes that with the current decision, the United States is assigned a task to "amend" its Asian policy, and its "rough relations" with China in the past will "heave a sigh of relief." This step will, the article says, also exert "positive influence" on China's joining the General Agreement on Tariffs and Trade, with the human rights issue being excluded as a separated issue.

Adoption of 'New Moscow Declaration' Planned

*SK3005114994 Seoul KBS-1 Radio Network in Korean
1100 GMT 30 May 94*

[Kim Son-ki report from Moscow]

[Text] It was learned that an ROK-Russia joint declaration, the New Moscow Declaration, supporting our position surrounding the North Korean nuclear issue, will be adopted at the Presidents Kim Yong-sam and Yeltsin summit, scheduled to start on 1 June.

In the New Moscow Declaration, Russia will actively support our view on the North Korean nuclear issue, and reveal that it fully supports efforts to bring about peace on the Korean peninsula. It seems that a passage stating that all matters of concern and interest between the two countries will be closely maintained by dialogue and another one on readjusting the past history, such as the Korean Air shooting incident, will be included in the declaration. It will also include the human rights issue such as that of the North Korean loggers.

This kind of joint declaration was not made when President Kim visited China and Japan. It is believed that this declaration has greater weight than the regular joint statements that sum up the results of summits.

A diplomatic source said that a consultative protocol, which provides for the foreign ministers and vice foreign ministers to meet regularly, will be exchanged during President Kim's visit to Russia. It also revealed that an agreement on preventing maritime accidents, an environment cooperative agreement, and an agreement to protect migratory birds will be signed.

President Speaks Before Russia, Uzbekistan Trip

SK0106021094 Seoul KBS-1 Television Network in Korean 0045 GMT 1 Jun 94

[Speech by President Kim Yong-sam at Seoul Airport before leaving for Moscow on official visits to Russia and Uzbekistan—live]

[Text] Dear fellow countrymen: Today I am going to leave the country to make an official visit to Russia and Uzbekistan. This visit is an extension of those I made to the United States, Japan, and China over the past year. These countries have a very important influence on the stability and peace of the Korean peninsula. When I visited these countries, I stressed to their government leaders and people the need for their cooperation for peace on the Korean peninsula and won their support. Now I am going to visit Russia in order to conclude the quadrilateral diplomacy that I have sought for stability and peace of the Korean peninsula since I assumed office.

In summit talks with President Yeltsin, I will sincerely [chinjihage] discuss the issue of peace in East Asia, security of the ROK, and economic cooperation needed by both countries. Particularly at this point of time, when the solution to North Korea's nuclear issue is urgently required, it is very significant to develop closer relations with Russia. This visit will be an occasion to confirm that the Cold War era between the ROK and Russia has clearly ended.

During my visit at the Russian Federal Council and Moscow University, I will appeal to Russian politicians and young people, who face difficulties in a transitional period, to advance toward building a great Russia without giving up their hopes and dreams.

Russia is vast and very rich in natural resources. Therefore, it has boundless potential for development. On the other hand, Uzbekistan is in a stable situation and rich in natural resources. Therefore, it is a country with many possibilities for economic cooperation with our country.

In the summit talks with President Karimov, I will deeply discuss the issue of the advance of our enterprises into this country.

In Uzbekistan, there are as many as 200,000 Korean residents who are descendants of people who were forcibly relocated from the Maritime Province of Siberia to Central Asia. I will meet these compatriots and console them. I will also discuss the matter of promoting their rights and interests.

On my way back home, I will also visit the Russian Pacific Fleet in Vladivostok, where I would like to experience [silgam] the changes in ROK-Russia relations along with our people.

Dear fellow countrymen, while in Russia, I will promise to establish constructive and complementary partnership [konsolchogigo sangho powanjogin tongbanja

kwangye] with it towards the 21st century. With this as a momentum, our country will establish firm cooperative relations with the major countries around the Korean peninsula—the United States, Japan, China, and Russia—not only in security, but in economics.

We should open the Asia-Pacific era of the 21st century with these four countries. Our nation's destiny was decided by these four countries 100 years ago. However, our current effort to strengthen friendly and cooperative relations with them contains the positive meaning [chok-kukchok uimi] that we will explore our destiny ourselves. Our compatriots are evenly distributed in these four countries. Our position has greatly changed. As a result, we can discuss world issues with the four countries, and they also need our country's cooperation and coordination [chojong].

What is most important to us now is for people to achieve internal unity and accord, to develop the national destiny with that unity, and to increase the country's competitive strength with all our efforts. We have no time to pause for energy-consuming conflict. I, as president, will go even to the ends of the earth to do my best where our country's security and interests are concerned.

Dear fellow countrymen, your encouragement will give me courage and strength during my trip. I wish you good health and fortune while I am away briefly.

Thank you very much.

*** Uruguay Round Renegotiation Said Possible**

942C0118A Seoul MAL in Korean May 94 pp 34-39

[By reporter Cho Yu-sik]

[Excerpts] [passage omitted] Some parts of the results of the Uruguay Round [UR] of multilateral trade negotiations are either hardly acceptable or should be amended because they so vitally affect our national interests. If so, is the demand for a renegotiation of these parts realistic?

In this regard, Kim Chol-su, minister of trade and industry, spelled out the government position in these words: "Of course, we need to reexamine our past mistakes to learn a lesson from them. But we should refrain from wasteful backward-leaning argument, but engage in constructive and forward-looking debate." The government's feeling is summed up in the following words of another concerned official of the Ministry of Agriculture and Fisheries: "After everyone has gone home upon completion of the negotiation, we feel we have lost something. So we are out on the field alone, trying to call back everyone to the negotiating table. But no one would show up."

Needless to say, these words were uttered on the assumption that it is impossible to renegotiate. The following are the grounds of this assumption:

First, it is too late to negotiate because our government already agreed to the UR basic principles on 15 December 1993, presented our final "country schedule" for market opening, and signed the final protocol acknowledging the overall outcome of the UR round at Marrakech, Morocco, on 12 April this year. It is no use trying to stop the train after it has already started out. Trying to overturn what was agreed upon at the multilateral talks is tantamount to keeping two tongues in one mouth and would only damage our international prestige.

Second, even if a renegotiation is allowed, it will be impossible to make an amendment aimed at narrowing the scope of opening, although it is possible to expand the scope of market opening. According to this school of thought, inasmuch as it is the spirit of the UR negotiations to remove the tariff and nontariff barriers and expand free trade, an "amendment for a narrower opening" is impossible.

Third, it is difficult to overturn even what was agreed upon at one-on-one bilateral talks. Then, how could a small nation like ours hope to bring the whole world into a renegotiation to change what was agreed upon at the extensive multilateral UR negotiations?

Fourth, should the National Assembly refuse to ratify the agreement as demanded by the farmers' organizations, some civic groups, and the opposition parties, which call for renegotiation, our country would end up withdrawing from the Uruguay structure and being isolated from the international community. (In the words of Kim Chol-su, minister of trade and industry,) "It is unthinkable for our country, which has attained economic growth through exports, to refuse to ratify the UR agreement, for such refusal would make our country an international missing child. Nor is it possible to renegotiate."

Fifth, should we refuse to ratify the UR agreement, we would have disadvantages in terms of tariffs and trade and suffer from a fatal economic blow.

In brief, they argue that now that the negotiations are over, it is no use crying alone for a renegotiation. It would only damage our international prestige. If there is to be a renegotiation, it will be allowed only to expand the scope of opening. The UR negotiations being multilateral talks, not a bilateral negotiation, it is all the more difficult to make a belated amendment to what was agreed upon at the UR talks. Should our National Assembly refuse to ratify the agreement, our country would keep out of the UR system and become an international orphan. As a consequence, we would suffer from a fatal economic blow.

The UR negotiations came to a close in Morocco on 12 April with the ministers of participating countries signing the final protocol and the agreement on establishing the World Trade Organization [WTO]. As far as the procedure is concerned, the WTO now only awaits its departure at full steam. All that needs to be done is for

the parliament of each member country to ratify the results of the negotiations within this year before the agreement takes effect on 1 July 1995. All countries have already presented their schedules for market opening.

The proponents of renegotiation argue that, primarily we should have renegotiated before the Morocco ministerial conference was held on 12 April and prior to submitting a final country schedule in order to attain the maximum advantages and reflect the results in the final country schedule for opening.

Now that the ministerial conference is over and a country schedule for market reopening has been submitted, there may be no room for amendment. But the proponents of amendment think otherwise.

First, the basic provisions of the UR agreement cannot be changed, but it is possible to change the country schedule before the WTO is formally inaugurated in the future. In other words, the scope and timing for opening agreed upon at the multilateral negotiations cannot be changed, but an amendment is possible within the agreed upon scope and timing. In addition, when a far more disadvantageous schedule than what was agreed upon at the multilateral negotiations is forced upon a country at bilateral talks, it is possible for this country to demand a renegotiation "in the name of the UR" or bring the case before GATT.

Second, in the UR agreement there is no provision that amendment is allowed only to enlarge the scope of market opening. Such a provision, if there is one, wouldn't square with reality.

In fact, after the basic provisions were finally approved on 15 December last year, the United States and Japan attempted to impose some tariffs on semiconductors, whisky, timber, and in particular nonferrous metals, by discarding their previous nontariffication agreement for these items. By seizing this opportunity, the ROK once drew up a plan to break its nontariffication promise and impose 3 to 4 percent of tariffs on specific items. The United States and Canada attempted to impose quotas on some items with a view to opening overseas farm markets in a way more advantageous to them. These moves are the clear attempts by various countries to amend previous agreements so that the scope of opening might be narrowed, indicating that depending on circumstances, it is possible to renegotiate to reduce the scope of market opening. Needless to say, one-sided change of the agreed upon scope is unacceptable. But if there is a sufficient ground, renegotiation for an amendment should be allowed.

The proponents of renegotiation argue that it falls within the right of contracting parties to reverse an expanded scope of opening far exceeding the scope required under the UR provisions to "the normal level," aside from the question of whether the amendment is aimed at enlarging the scope of opening or reducing it.

Third, once the contracting parties agree to change the previously agreed schedule of enforcement, the change needs an endorsement by all WTO members just as a matter of formality. But barring a flaw to such agreement, nobody would raise an objection. The proponents of renegotiation argue that there is no reason for a third party to oppose an amendment when the amendment is not to change a basic provision of the UR agreement, but to change a country schedule for opening under the basic principles of the agreement, in cases where the interested parties agree to the amendment.

Fourth, these proponents argue that even in the worst scenario in which our country withholds the final signing until after the inauguration of the WTO because of the failure of a renegotiation to wind up by that time, we will not be kept out of the UR system. The WTO charter agreement provides that the agreement be ratified two years prior to the date of effectuation. Accordingly, all that the ROK should do is to join the WTO by signing it by a cabinet minister, and pending a formal ratification by the National Assembly, bring its case before the WTO as a member, calling for a renegotiation on matters at issue. Needless to say, if the renegotiation is completed before the WTO is formally inaugurated, it will pose no problem at all.

Fifth, therefore even if our National Assembly delays (or withholds) the ratification of the WTO agreement and our government tries to renegotiate on some items, we will not become "an international orphan." The National Assembly's refusal to ratify the agreement can be fully regarded as a weapon for strengthening our negotiating position and need not be considered as taboo.

In the case of the United States, it is unclear whether the U.S. Congress will ratify the agreement within the deadline. In accordance with Article 22 of the Agricultural Adjustment Act (AAA) which provides that under no international agreement shall the major agricultural and livestock markets be open to the outside world, and according to other domestic statutes, the United States refused to open markets for 14 basic farm and livestock products in the past. Recently, a large number of U.S. senators have resolved to reject any opening of markets for 14 basic farm and livestock products in accordance with the AAA provisions. With considerable rough sailing and difficulty anticipated in the process of ratification by the U.S. Congress, the Congress is hardly expected to complete the ratification process within the time limit set by the UR agreement. In India there have been strong anti-UR demonstrations, and the prospect is dim for an early ratification by the parliament in which the government party is in the minority.

It appears that a revision of the schedule for market opening is theoretically possible. But this possibility cannot become reality unless our trade officials have a strong policy will and public opinion unanimously backs them up.

If so, it is necessary to delve into the reasons why our trade officials have failed in the negotiating process in the past.

The reason mentioned most often is the lack of expertise on the part of the trade officials who took part in the negotiations. It is said that the inadequate knowledge of the UR negotiating provisions, the lack of international negotiating experience, and the lack of a good command of English have resulted in a disadvantage in the negotiations. Our trade officials were unable to interpret UR provisions properly and had to seek advice from a relevant U.S. research institute on a slew of provisions they did not understand.

A communications official who took part in the negotiation commented as follows: "We feel that people who talk about the lack of expertise are playing with words. In fact, where can you find anyone who has greater expertise than our trade officials? They do not work alone; they always get help from research institutions. They marshal all available brains at home.

"The UR negotiation is not an Oriental style or Korean style negotiation. It has been conducted according to the practices of the United States and the EC, and the UR agreement is written in the letters of their alphabet. Naturally, there are many things which are in accord with their realities but which are out of accord with our legal system and our language.

"The ability to negotiate differs not in accordance with individual abilities, but in accordance with the national ability. In many cases, the United States or the EC is too formidable an opponent. That is why we took actions in concert with countries in the same boat and produced certain results in areas such as antidumping charges, subsidy, and intellectual property. However, we could find no country which would act in concert with us in the field of farm products."

In brief, this official claims that our negotiators did their best under an unfavorable condition, and that the unsatisfactory results were due to the inequality in ability between the strong and the weak. However, did they really do their best? Can they explain their failure to gain what is guaranteed under the provisions of the UR agreement with the idea of disparity in ability between the weak and the strong?

No other country has ever opened its markets for a greater number of goods at greater rates and at a faster pace than the ROK did in GATT history. The ROK is among the countries subject to the greatest trade pressures from the United States. But never, not even once, has our government objected to U.S. trade pressures.

"When there is some trade friction, it is not necessary for the whole country to clamor for an early settlement or make haste. When there is a demand from one of our trade partners, what we need is the attitude of trying to

understand the position of the other side and be concerned about it rather than taking the demand as a pressure.”

Those are the words of our minister of trade and industry, the cabinet member in charge of trade matters. Other trade bureaucrats also stress that the disadvantageous results of the just-ended UR negotiation was “due to the U.S. pressures.” Among the heads or trade ministers of developing countries, no one knows better than the head or trade minister of our country how to refrain as much as possible from making any remarks that may offend the United States. These days when someone clumsily makes an issue of U.S. trade pressures, he is apt to be branded as a sentimental nationalist lacking in international sense.

It is questionable whether this kind of stance will be of any help in trade negotiations with the United States. Without a shift in thinking to the stance of regarding any unwarranted demand of the United States not as an “understandable request,” but as an “unacceptable pressure,” it seems highly unlikely for our trade bureaucrats to come forward on their own demanding renegotiation.

Needless to say, we should not negotiate in such a manner as to harm the opponent in order to gain our own benefits. But only when we effect a shift in our thinking to an independent stance, is it possible for us to avoid getting insulted to our faces. This shifting is what our trade bureaucrats are yet to accomplish.

In fact, the key to renegotiation is the National Assembly's refusal to ratify the results of the UR negotiations. If the National Assembly rejects ratification, the executive branch will have no alternative but to carry out a renegotiation. It provides the ground for the government in breaking the existing agreement and making new demands. It will be alright for the National Assembly to ratify the revised agreement arrived at later by renegotiation.

As of this moment, all of the opposition assemblymen have signed their signatures on the pledge to oppose the ratification of the UR agreement in a campaign kicked off by the “National Campaign Headquarters for the Protection of Our Agriculture. They are 96 DP [Democratic Party], 12 UNP [United National Party], two KNP [Korea National Party], and one NPPR assemblymen. Of the 16 independent assemblymen, only two have signed the pledge, but all of the independents are expected to sign in the future. Still, the campaign needs to obtain signatures of between 25 and 30 LDP [Liberal Democratic Party] assemblymen in order to come up with 150 signatures necessary to foil ratification in the National Assembly.

Currently, efforts are under way to persuade LDP assemblymen mainly through each county-level farmers association. As of early March, five LDP assemblymen, including Kim Pom-myon from Nonsan County, reportedly signed the pledge to vote no to the ratification

motion. Currently, the signature campaign is in a temporary lull as DLP issued a guideline and otherwise stepped up internal control against the signature campaign.

The “National Campaign Headquarters” has concentrated its efforts on 35 rural districts throughout the country, including four in the Taejon- Chungnam area and seven in the Taegu-Kyongbuk area, contacting DLP parliamentarians in these areas in an effort to persuade them. It is conducting a recall drive against uncooperative DLP assemblymen by collecting the signatures of one-third of the eligible voters.

However, it is still questionable how much this campaign will prove effective. [passage omitted]

The road to a renegotiation of the UR agreement is far and rough.

Government, Military on ‘Special Alert Stance’

SK0106085994 Seoul KBS-1 Radio Network in Korean 0831 GMT 1 Jun 94

[Text] With President Kim Yong-sam's visit to Russia and Uzbekistan as momentum, the government agencies involved in foreign affairs, national security, and public security have gone into an emergency duty system for a week from today until 7 June.

In particular, these agencies are heightening their degree of alertness more than ever before, including preparations against an eventuality that might arise during the president's absence, in that President Kim's tour of this time is being made under the circumstances in which North Korea's nuclear issue is at a grave stage.

From today on, the military has gone into a special alert stance [tukpyol kyongye] by strengthening the around-the-clock watch system, while keeping an eye on the movement of the North Korean Army and reconnoitering the area along the truce line.

Seoul ‘Prepared for Any Emergency’

SK0106032594 Seoul YONHAP in English 0300 GMT 1 Jun 94

[Text] Seoul, June 1 (YONHAP)—While President Kim Yong-sam is away from the country on state visits to Russia and Uzbekistan from June 1-7, Chongwadae [presidential offices], the Office of the Prime Minister and the Foreign, Home and Defense Ministries are prepared for any emergency.

Because the president is abroad when the North Korean nuclear dispute is facing a critical moment, these national security- and public order-related agencies are on alert against anything that might happen during his absence.

Tension on the Korean peninsula is mounting as the UN Security Council has taken up the nuclear issue. Concerned about this development, President Kim

instructed security-related ministers to prepare fully for any abrupt North Korean action in a meeting he himself presided over Sunday. On Monday, he invited Prime Minister Yi Yong-tok, Economic Planning Minister Chong Chae-sok and National Unification Minister Yi Hong-ku to breakfast at Chongwadae and told them to preserve national security and public order during his absence.

Stressing that the row over Pyongyang's nuclear program is entering a critical phase, Kim said the government should remain on around-the-clock alert so that South Koreans can go about their business without feeling a sense of crisis. He also called for all-out efforts to prevent major accidents.

Prime minister Yi, giving a briefing on the cabinet's determination to hold the fort during the president's absence, said all cabinet members would fully support Kim's summit diplomacy in Russia and Uzbekistan by maintaining national security and public order and taking all possible precautions against accidents.

On Monday morning, President Kim called President Bill Clinton, who was about to fly to Europe to attend ceremonies marking the 50th anniversary of the Normandy invasion, to ensure close Korea-U.S. cooperation in dealing with the North Korean nuclear issue and to explain about his trip to Russia and Uzbekistan.

The hot-line conversation with Clinton ended Kim's official schedule prior to his departure for Moscow on Wednesday.

On Monday afternoon, Kim personally checked the agenda for his summit with Russian President Boris Yeltsin and the speeches he is to make in Russia and Uzbekistan.

Chongwadae virtually adopted an emergency stance under Chief of Staff Pak Kwan-yong's control Monday.

As Senior Foreign Affairs and Security Secretary Chong Chong-uk, Senior Economic Secretary Pak Chae-yun, Senior Press Secretary Chu Ton-sik and Senior Administrative Secretary Hong In-kil are to accompany the president to Russia and Uzbekistan, all remaining senior secretaries—Chief Secretary Pak Kwan-yong, Senior Political Secretary Yi Won-chong, Senior Government Affairs Secretary Yi Ui-kun, Senior Petition-Information Secretary Kim Yong-su and Senior Education-Culture Secretary Kim Chong-nam—will take turns serving as Chongwadae duty officer.

Chongwadae is also maintaining around-the-clock communication with the traveling president.

Prime Minister Yi is in charge of state affairs during the president's absence, and this is his first experience as prime minister. His office is thus prepared to help Yi carry out his duties during the president's absence by maintaining close cooperation with Chongwadae and national security-related agencies.

The Foreign Ministry is working 24 hours a day under Vice Minister Pak Kun-u, as Foreign Minister Han Sung-chu is a member of the president's entourage.

The Home and Defense Ministries implemented an emergency work system Wednesday, while the armed forces are on high alert to increase surveillance of North Korea's military movements.

The police have strengthened their posture against crime nationwide to maintain law and order while the president is away.

Police Seek Leaders of Pro-North Student Groups

SK0106053294 Seoul YONHAP in English 0449 GMT 1 Jun 94

[Text] Seoul, June 1 (YONHAP)—Police launched a large-scale hunt for 30 to 40 leaders of the Korea Federation of University Student Councils [Hanchongnyon] Wednesday after deciding that Hanchongnyon is a pro-North Korean communist organization.

Some 50,000 radical students joined by citizens staged massive anti-government and anti-U.S. rallies and demonstrations in Kwangju on Sunday, distributing leaflets calling the Korean war (1950-53) a war of liberation from the American imperialists.

They also demanded an immediate end to international pressure on Pyongyang to halt its nuclear weapons program and praised North Korean President Kim Il-song's chuche ideology.

Police said they have obtained arrest warrants for Hanchongnyon Chairman Kim Yong-chun, 24, of Pusan University, and Yang Tong-hun, 22, of Chosun University in Kwangju, chairman of the committee for reunification of the motherland, among others.

In addition, police secured a list of the names of nine students described as chairmen of the regional reunification committees and nine others.

Police are also investigating 20 other students on suspicion of being core members of Pomchonghaknyon or the Pan-National Student Alliance.

According to police, Pomchonghaknyon consists of an 11-member leadership, 25 standing committee men and 200 members.

Ulchin Residents Stage Antinuclear Dump Protest

SK3105003694 Seoul YONHAP in English 0005 GMT 31 May 94

[Text] Ulchin, North Kyongsang Province, May 31 (YONHAP)—Some 5,000 residents of Ulchin County, protesting government plans to build a nuclear waste dump, staged violent demonstrations Monday, blocking highway traffic, puncturing the tires of passing cars and setting fire to them.

At least 60 people including several policemen were injured when the protesters clashed with riot police during demonstrations that followed a rally earlier in the day.

Police deployed 5,000 men and placed them at strategic points to bring the demonstrations under control. Some 25 residents were taken into police custody for questioning, police said.

Meanwhile, 88 percent of the county's parents kept their children at home, forcing them to boycott classes at three middle and high schools in the area.

The rally was held at 1 PM in Ulchin town square to demand the suspension of work on the third and fourth nuclear power generating stations and the resignation of the science and technology minister, in addition to expressing their opposition to building the nuclear waste dump.

Nuclear Waste Plan Retracted

SK0106100994 Seoul YONHAP in English 0958 GMT 1 Jun 94

[Text] Uljin, June 1 (YONHAP)—Yielding to local villagers' protests, the government has retracted a plan to build a large radioactive nuclear waste disposal yard here in Uljin along the east coast.

Uljin County Commissioner Kim Tong-hui met reporters Wednesday afternoon to make public Science and Technology Minister Kim Si-chung's message containing the retraction.

The message read in part, "This is to inform you that although some residents of the Uljin area tried to induce a radioactive waste management facility, the government has decided not to set up such a facility in the Uljin area in consideration of various conditions."

Meanwhile, large crowds of Uljin people mounted various protest actions for the fifth straight day Wednesday against the planned creation of a nuclear waste yard.

About 1,500 high school students staged a sit-in along a major road near Uljin-up beginning around 2 PM while about 200 shop owners in the Uljin town closed their shops for the day as a sign of protest.

Around 12 noon, some 1,000 villagers of Puk-myon poured into the street and blocked traffic.

Of the 12,000 primary and secondary school students in the Uljin area, about 10,000 boycotted classes Wednesday in a protest move.

National Unification Board Reshuffles Officials

SK0106100194 Seoul YONHAP in English 0954 GMT 1 Jun 94

[Text] Seoul, June 1 (YONHAP)—A partial reshuffle of senior officials of the National Unification Board was

effected on Wednesday, in which Chong Si-sung, director of the Unification Training Institute, was named to serve as director of the Office of South-North Dialogue.

Chong replaced Koo Pon-tae as dialogue office head, who was given the duty of director of the Office of Unification Policies.

Also in the shakeup, Pak Yong-tok, an advisory member of the dialogue office, was appointed as director of the board's Office of Planning and Management.

Succeeding Chong Si-sung as training institute director was Pak Chan-se, director of the Office of Planning and Management.

Im Tae-sun, director of the Office of Unification Policies, was appointed as an advisory member of the dialogue office.

"The senior officials were reshuffled as part of the effort to infuse vitality into the board and foster an atmosphere for work," board spokesman Kim Hyong-ki said.

Seoul To Open Auto Market Ahead of Schedule

SK3105104594 Seoul YONHAP in English 1019 GMT 31 May 94

[Text] Seoul, May 31 (YONHAP)—Faced with growing pressure from the United States for opening the automobile market, the government has decided to take a set of measures to open the market step by step ahead of the original schedule.

As an initial step, regulation of the floor space and number of foreign automobile sales outlets will be removed and restrictions on foreign car advertisement lifted in the foreseeable future. A government trade official said on Tuesday the government would also positively mull lowering automobile import tariffs and refix other taxes on imported vehicles.

A comprehensive motor market opening plan will be prepared shortly through consultations among relevant offices so that it could be presented to U.S. negotiators at a Korea-U.S. economic council meeting slated for June 22 in the United States.

The official noted that originally control of the floor space and number of foreign automobile sales outlets is set to be removed completely in January 1996 under the five-year investment opening plan made public last year. "But, we have tentatively agreed to move up the time of the removal to the most possible extent in view of the U.S. demand for the opening of the automobile market," he said.

However, conflicting views have been aired among offices as to the issue of whether to reduce automobile tariffs and readjust other taxes on imported vehicles, the official added.

Cambodia

Sihanouk Gives Message on Roundtable Meeting

BK3105144094 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 31 May 94

[Message from King Norodom Sihanouk to his subjects; date not given—recorded]

[Text] My respects to both supreme patriarchs, to Samdech Preah Pouthiveang, Samdech Preah Khousananda, and Samdech Preah Mongkol Teppeacha [superior monks], and to the rest of the Buddhist clergy; my respects to all my beloved compatriots, old and young alike. I would like to inform you that the inter-Cambodian conference known as the roundtable in Pyongyang, the DPRK—Cambodia's great friend—has ended and has produced the following results:

1. His Excellency [H.E.] Samdech Chea Sim, H.E. Samdech Hun Sen, H.E. Khieu Samphan, His Royal Highness [HRH] Prince Krompreah Norodom Ranariddh, and myself—the five of us responsible for solving problems for Cambodia—agreed to always be true and always be loyal to the principle that we will do our best to create conditions for securing peace and security for our Cambodian people, nation, and motherland. Our people have suffered for more than 20 years now. They are in urgent need of a cease-fire, of peace. Therefore, we must do our best to restore peace and fully realize national reconciliation. Furthermore, we will always be loyal to the sacred principle that the country must be free from partition or secession; it must not be divided into three, four, or more parts. We must preserve the territorial unity and territorial integrity of Cambodia forever. We must preserve the land and maritime borders of an independent, neutral, and nonaligned Cambodia which existed from 1963 to 1969 and which were solemnly recognized by the international community.

Therefore, we must defend these borders, this 1963-69 territorial integrity and must do all we can so that all countries in the world respect these land and maritime borders. In order to do that we must achieve national unity, we must regard one another as members of the same family and avoid polarization. For this reason, the Pyongyang roundtable unanimously agreed that although Cambodia's overall problems, such as the problem of war, are not yet settled to a satisfactory extent, we must carry on the talks between the Royal Government of Cambodia and the party of Democratic Kampuchea. Consequently, the Pyongyang roundtable decided that in June 1994 another roundtable will be held at Damnak Chan in the Phnom Penh Royal Palace. This roundtable will be a meeting of representatives of H.E. Samdech Chea Sim, H.E. Samdech Hun Sen, H.E. Khieu Samphan, HRH Prince Krompreah Norodom Ranariddh, and Norodom Sihanouk. The five representatives will come to the Royal Palace on 15 June, continue the work left over from Pyongyang, and see to

it that there will be progress in the search for a solution to all problems, such as the problem of war.

I would like to inform all of you, venerable monks and beloved compatriots, that I Norodom Sihanouk am affected with cancer of the bone marrow, an illness for which I did not receive any treatment during the two months that I was having the honor to serve my people, my country between our traditional new year and the day I left home in May. During this time that I was serving the people, the nation, and the motherland, I was very tired every day and I did not receive any thorough medical examination from my Chinese doctor to see whether the cancer had recurred. The Chinese doctor was worried that my overwork and lack of proper medical treatment—as the one I received in Beijing—would cause a relapse. The Cambodian and French doctors in Phnom Penh took three samples of my blood for examination. The results of my blood test were not good. It showed that I still had this cancer and a few other afflictions in my system. Therefore, I needed to return promptly to the Chinese hospital in Beijing.

However, because we also needed to hold the roundtable to bring peace for our people and end their sufferings, I made the ultimate sacrifice. As a result, my future was not bright and I might become very sick and might even die. Although I was experiencing a health problem, I agreed to make the sacrifice and I did not recoil from personal discomfort when I had to work relentlessly in the past few days. Why did I agree to all of that? It was so that our nation can live in peace [words indistinct] because of war.

It is most regrettable to me that the delegation of Democratic Kampuchea or Khmer Rouge headed by H.E. Khieu Samphan to the roundtable did not agree with the Royal Government and the National Assembly.

Our Royal Government represented by HRH Prince Krompreah Norodom Ranariddh and H.E. Samdech Hun Sen and our National Assembly represented by H.E. Samdech Chea Sim, as the chairman, fully accepted the king's proposal, that is, an immediate cease-fire or, failing that, a permanent cease-fire as of 15 June when the war, the fighting must end without any conditions. They also agreed to study with the Khmer Rouge ways to include them into our Royal Government. They agreed to see whether our Royal Government can accept the Khmer Rouge leaders as ministers, deputy ministers, or secretaries of state. A number of Khmer Rouge leaders are thus to be included into the Royal Government and the Khmer Rouge army known as the National Army of Democratic Kampuchea is to be integrated into the Khmer Royal Armed Forces.

In this undertaking, I hoped that Pyongyang with its excellent atmosphere and calm would be a perfect venue for us to hold the discussion. I hoped that we would have sufficient time to solve the problem and stop the war. [remainder of speech unheard due to station going off the air]

Son Sann Opposes Military Assistance

BK2805113194 Bangkok BANGKOK POST in English 28 May 94 p 7

[Excerpt] Cambodia's elder statesman has emphasised that he opposes a proposal for military assistance to the Cambodian army.

"Samdech Son Sann does not support military assistance to the Cambodian Army as he has always believed that it serves only to prolong the war," his assistant, Son Chhai, said in a statement.

The statement came after Son Sann was reported to have expressed support for Thailand's position on Cambodia including the matter of military aid.

Thailand has repeatedly made clear that it is against military help for the Cambodian army. [passage omitted]

Indonesia

Government Hails Postponement of E. Timor Talks

BK2705162694 Jakarta ANTARA in English 1412 GMT 27 May 94

[Text] Jakarta, May 27 (ANTARA)—Indonesia Friday hailed reported efforts by private parties in the Philippines to have a controversial conference on East Timor in Manila called off.

"We feel relieved and appreciate the efforts of the Philippine Government, the Indonesia-Philippine Association and all parties concerned to have the conference barred," Irawan Abidin, information director at the Ministry of Foreign Affairs, said.

News agency reports from Manila had said the Quezon City court Friday issued an order putting a 20-day hold on the conference after receiving a petition from the Indonesia-Philippine Association that described the conference as a violation of a treaty binding member countries of ASEAN (Association of Southeast Asian Nations).

The friendship association, which is headed by Jose Laurel, member of a Philippine political group, charged that the holding of the conference was a dangerous threat to the Philippines' national security and interests.

It also said the planned conference could harm the friendly relations among and The Treaty of Amity and Cooperation of the Association of Southeast Asian Nations signed by the Philippines, Malaysia, Singapore, Indonesia and Thailand in 1976.

Under the Quezon City court order the rector of the University of the Philippines where the conference was to take place, will have to disallow the holding of the conference on university premises for 20 days.

The conference was to open on May 31.

Abidin said the Indonesia-Philippine Association would possibly make further efforts for the complete cancellation of the conference or its relocation to another country.

Resistance Leader Calls for ASEAN Membership

LD2705205594 Lisbon RTP Internacional Television in Portuguese 1800 GMT 27 May 94

[Report over video by correspondent Antonio Sampaio]

[Excerpt] The Manila conference on human rights in East Timor will really go ahead. A court in the Philippines banned the conference, but we have been informed that the organizers will disregard the decision.

The conference will start on Monday [30 May] with an address by Konis Santana, the East Timorese resistance leader. Our correspondent in Australia, Antonio Sampaio, managed to obtain an exclusive copy of the video that also contains pictures of resistance members:

[Sampaio] [Video shows armed members of the resistance in camouflage uniform, in the bush. Video shows the men in formation, sitting on the ground and performing tasks] These are the latest pictures to arrive from the mountains in East Timor, filmed at the end of April and given to us exclusively. They are destined for Manila, where at the end of weeks of Indonesian controversy and diplomatic blackmail, the first conference in the Asia-Pacific region on human rights in East Timor is about to start.

The highlight of the conference will be the opening speech by Konis Santana, the leader of the East Timorese resistance. In this speech, Konis addresses heavy criticism at Jakarta and at the cooperation that governments in the region are maintaining with the Indonesian regime:

[Begin Santana recording] [video shows Santana speaking, standing at a table with a gun next to him, and resistance flag draped behind him] Many around the world thought it impossible for a defenseless people to defeat such a great Asian power as Indonesia and assumed the East Timorese issue to be over. [end recording]

[Sampaio] [Video shows armed resistance men in formation] The resistance leader also appeals for further joint efforts in favor of East Timor and makes wide reference to the peace plan proposed by Jose Ramos Horta [resistance spokesman abroad]:

[Begin Santana recording] The East Timorese people are thus sufficiently ready to ensure civilized, orderly, and responsible behavior, within the context of the geopolitical region. The East Timorese people recognize the interests of the region and Indonesia itself and will know how to respect those interests. The people of East Timor, aware of their position in the region, will fight actively to become a member of the Asia-Pacific region. Most of all,

East Timor manifests its wish to put itself forward to become a member state of ASEAN, for only then will it be able to contribute to stability and peace in the region. [end recording] [passage omitted on correspondent reporting on Manila conference]

Editorial Views East Timor Conference

BK2705161094 Jakarta SUARA PEMBARUAN in Indonesian 18 May 94 p 2

[Editorial: "The Participation of the North Sulawesi Business Delegation at the East ASEAN Economic Conference"]

[Text] The Indonesians reacted angrily to the plan by the University of the Philippines and several non-governmental organizations to hold a conference in Manila from 31 May to 1 June to discuss the East Timor issue. Indonesia became more disappointed when, apart from being annoyed by the the plans for the conference, a business delegation from North Sulawesi Province had to cancel its attendance at the East ASEAN Business Conference (EABC) [preceding five words in English] scheduled for Davao City at end of this month.

According to Ir. [Engineer] J.W.T. Lengkey, chairman of the North Sulawesi Regional Chamber of Trade and Industry, the provincial trade delegation's decision not to attend the EABC is related to Indonesia's opposition to the conference on East Timor. Ir. Lengkey said the Davao conference organizing committee had been informed of the cancellation by a facsimile message on 16 May.

We are aware of the current efforts to boost East ASEAN cooperation, which involves Brunei Darussalam, Indonesia, Malaysia, and the Philippines. For this purpose, we are paving the way for cooperation in the triangle growth project linking South Philippines, North Sulawesi, and Sabah. This is the first step toward the creation of the East Economic Growth Area (EAGA). Several months ago, Manado, the administrative seat of North Sulawesi Province, asked for the East ASEAN economic cooperation's permanent secretariat to be based there.

The process of promoting the East ASEAN economic cooperation is now one step backward as a consequence of the business delegation's decision not to attend the EABC conference in Davao City, even though trade relations between North Sulawesi and Davao remain normal. We fully understand why the trade delegation made such a decision, because this is intended to protect Indonesia's national interest and national pride.

On the other hand, we also have to be careful to not allow the political implications of the East Timor issue to slow our national development, which must be given priority for strategic reasons. The priority given to the economy is not inappropriate. Since the emergence of the New Order government, we no longer adopt the attitude that

"politics commands everything" because such an attitude resulted in many development projects abandoned without being completed. In this connection, is it not too early for the North Sulawesi trade delegation members to cancel their attendance at the EABC conference? This is because East Timor, which is purely a political issue, has caused an economic implication. It is better for us to avoid falling into such a political trap.

We have to admit that East Timor is a sensitive matter in Indonesia and this sensitivity should not therefore be under estimated. Foreign Minister Ali Alatas has reminded the Philippines about Indonesia's feelings on this matter during a meeting with Raul Manglapus, special envoy from Philippine President Fidel Ramos, at the Foreign Affairs Department in Jakarta on 16 May. The meeting between Ali Alatas and Manglapus ended with mutual understanding.

We can fully understand that the Fidel Ramos government is faced with a dilemma about human rights, democracy, and the freedom of speech. Such issues are very sensitive in the Philippines since the Marcos government was overthrown. Therefore, it is rather difficult for the Philippine Government to prevent the Asia-Pacific Conference on East Timor from taking place in Manila. The Philippine Government has nothing to do with the conference and it is sponsored by a group of non-governmental organizations. Manglapus said that he was sent to Jakarta by Ramos to give assurances on the Philippines' solidarity with Indonesia, a close neighbor and friend in the framework of ASEAN.

Manglapus also gave assurances that his country's commitment and support for the integration of the East Timor territory with the Republic of Indonesia has not changed. Ali Alatas, however, has reiterated that Indonesia is very disappointed at the Philippine Government's inability to prevent non-governmental organizations from organizing the conference. This is because a conference that discusses political issues will provide a platform for East Timorese who remain opposed to the integration to launch a political campaign against Indonesia.

Daily Views Labor Problems

BK2805105094 Jakarta THE JAKARTA POST in English 13 May 94 p 4

[Editorial: "Military Intervention"]

[Text] We were surprised by the statement of the Armed Forces Chief of Staff for Social and Political Affairs, Lieutenant General R. Hartono, before a labor seminar on Tuesday that the military would again take part in coordinating the resolution of labor problems. The new policy came about just three months after the government revoked in January a ministerial decree allowing the Armed Forces to break up strikes.

Hartono cited the need to maintain stability, the weak organization of the All Indonesian Labor Union

(SPSI)—the only trade union recognized by the government—and the lack of labor rules to accommodate the aspirations of all parties involved in labor issues as the main reasons for the reinvolved of the military in labor problems. The Armed Forces apparently now sees labor unrest as one of the major threats to national stability. Hartono however, warned that the involvement should not be seen as military intervention into the labor movement.

The new policy seemed to have been prompted by the labor-related riots in North Sumatera which had turned into acts of vandalism against Indonesian Chinese during the last two weeks of last month. The incident once again shows how vital stability and security are not only for economic activities but for the further existence of our nationhood.

Highly-agitated workers, a high frequency of labor strikes and street demonstrations can easily be turned by irresponsible persons into riots and vandalism. These types of situations do not help solve our labor problems. Instead, such scenes will scare away investors. In fact, the labor riots in North Sumatera have caused some potential investors to reconsider their plans to invest in Indonesia as the incident showed how vulnerable our stability could be.

Businessmen, either domestic or foreign, will sink their capital in the country only when we can maintain a sense of stability and security. Without their investments, the economy will stagnate and no new jobs will be created for the estimated three million unemployed and 30 million under-employed as well as the 2.8 million new entrants to the market annually.

The question, though, is whether the high rush of labor strikes has really required direct military involvement. We fully agree that it is the fundamental task of the Armed Forces to prevent labor protests or strikes from degenerating into riots and acts of vandalism. But we wonder if that task should be executed by directly intervening into labor issues.

We think we should instead focus our attention on the roots of the labor unrest, that is the need for humane treatment of workers. The trigger of most labor strikes has been the failure by employers to adhere to the minimum wages, which are already among the lowest in the world. We should also realize that the greater prosperity the country has gained from its high economic growth over the past two decades has led to rising expectations among the people. The mood of our labor has also changed significantly in recent years as an increasing number of blue-collar workers are graduates or dropouts of secondary schools who are much more vocal and outspoken and more aware of their basic rights than those who have only primary schooling. Obviously, the authoritative management style which was effective in managing meek workers in the past is no longer suitable now.

We think labor protests or unrest can be prevented by the strong enforcement of the minimum wage levels and other manpower regulations to protect the workers' rights. The mechanism for company or plant-level labor management has been established in the requirement for companies to have a collective labor agreement. What is quite lacking though is the quality of the tripartite negotiations and consultations for such an agreement.

We have learned that in many companies such negotiations are in fact no more than a formality because the management has made up its mind before consulting with the workers' representatives. Given the weakness of the SPSI trade union and the weak bargaining position of the workers, it is the responsibility of the officials of the manpower ministry to help workers strike mutually beneficial labor agreement.

Laos

Military Delegation's Visit to PRC Viewed

BK3105062394 Vientiane Vitthayou Hengsat Radio Network in Lao 1230 GMT 30 May 94

["Memorandum: Symbol of Solidarity Between Lao and Chinese Armies"]

[Text] From 5 to 9 May this year, a high-level military delegation of the Lao People's Democratic Republic [LPDR] led by National Defense Minister Lieutenant General Choummali Sai-gnason paid an official visit to the PRC. The visit was aimed at further building and promoting the relations of friendship and strengthening, ever more fruitfully, the all-around solidarity between the two armies of Laos and China. Recalling Lao-Chinese history, we see that Laos and China have maintained relations with each other in many respects for a long time. The two countries share a common border and maintain similar customs. This is why the Chinese People's Liberation Army [CPLA] and the Lao People's Army [LPA] have maintained the traditional relations of friendship for a long time. Noteworthy is that during the period of the national salvation struggle against the imperialist aggressors, the Chinese army and people always stood by the side of the Lao army and people in carrying out the cause of struggle. In the visit to the PRC on this occasion, the high-level military delegation of the LPDR therefore intended to offer the CPLA pure friendship from the LPA to jointly develop and further enhance the relations and solidarity of fraternal friendship and comradeship.

During the four-day visit—a very short visit, but in the spirit of close friendship—the high-level military delegation of the LPDR was accorded a cordial welcome by the fraternal CPLA side. The LPA delegation was welcomed in an honorable manner at a solemn ceremony with the review of the guards of honor organized by General Chi Haotian, national defense minister of the PRC. The delegation was also accorded a warm welcome by cadres, combatants, and state employees of many army units it

visited. The important thing, which served as a token of the promotion and enhancement of the relations of friendship, was the meeting between high-level military delegations of the two countries. In the meeting, which proceeded in an atmosphere of mutual understanding, the two sides reiterated in a straightforward manner their readiness to flourish the blooming solidarity and relations of fraternal friendship between the two armies. The high-level military delegation of the LPDR also had the honor to pay a courtesy call on General Liu Huaqing, member of the CPC Central Committee Political Bureau and vice chairman of the Central Military Committee, at the Government Guest Hall. On that occasion, Gen. Liu Huaqing expressed pleasure at welcoming the courtesy call of the LPA delegation. He also expressed satisfaction over the increasing enhancement of the relations of friendship between the parties, states, armies, and peoples of the two countries. It was a great honor for the LPDR delegation that Liu Huaqing, as a party leader, firmly reiterated the determination to vigorously encourage all parties concerned to do everything possible to strengthen the blooming friendship relations with Laos under the present favorable circumstances. On the occasion, Lt. Gen. Choummali Sai-gnason informed Gen. Liu Huaqing of the outcome of the delegation's visit. He also exchanged views with Gen. Liu Huaqing on many issues amid an atmosphere of good mutual understanding.

Following the visit to the PRC on this occasion, the high-level military delegation of the LPDR has profoundly understood the economic growth and development of the PRC as a result of the implementation of the open-door policy as maintained by the CPC. The delegation has been impressed with the welcome that was given, in a pure spirit of friendship, to the Lao side by the Chinese side during the visit. Every place the delegation visited, it was accorded a welcome in a sincere manner. The Chinese side also explained in an open manner useful lessons on educating, training, fostering, and managing soldiers, which have been carried out by the CPLA. The four-day period of the visit was therefore considered a dynamic period for the already progressing relations between the two armies of Laos and China. The high-level military delegation of the LPDR highly assessed the friendship relations and all-around cooperation between the two armies and expressed the conviction that these relations and cooperation will be increasingly developed and strengthened and will last forever.

Thai Police Department Delegation Visits

Arrives in Vientiane

*BK2705093594 Vientiane Vitthayou Hengsat Radio
Network in Lao 0000 GMT 27 May 94*

[Text] A delegation from the Kingdom of Thailand Police Department headed by Police General Prathin Santipraphop, director general of the Police Department under the Kingdom's Interior Ministry, arrived in Vientiane yesterday to pay a three-day official friendship visit

to the Lao People's Democratic Republic [LPDR] at the invitation of the General Police Department of the LPDR Interior Ministry. A welcoming ceremony for the delegation was held at the Lan Xang Hotel. It was attended by Major General Khamphon Boutdakham, deputy interior minister and director of the LPDR's General Police Department, and a number of concerned cadres.

During its friendship visit to Laos, the Thai Police Department delegation will pay a courtesy call on Interior Minister Maj. Gen. A-sang Laoli to exchange views on various issues regarding the implementation of the joint memorandum signed between the interior ministers of the LPDR and the Kingdom of Thailand in Bangkok on 16 July 1993. The delegation will also visit some ruins in Vientiane Municipality and Luang Prabang Province.

Received by Minister

*BK2805140894 Vientiane Vitthayou Hengsat Radio
Network in Lao 0000 GMT 28 May 94*

[Text] On the afternoon of 26 May at the reception room of the Interior Ministry, Major General A-sang Laoli, minister of interior of the Lao People's Democratic Republic [LPDR], received a courtesy call from Police General Prathin Santipraphop, director general of the Police Department of the Interior Ministry of the Kingdom of Thailand, and his entourage. During the meeting which proceeded under an atmosphere of intimate friendship and good neighborliness, the host and guest discussed issues concerning implementation of a joint memorandum signed earlier by the interior ministers of the LPDR and the Kingdom of Thailand.

Later that afternoon, a delegation of the LPDR General Police Department headed by Maj. Gen. Khamphon Boutdakham, deputy interior minister and director of the General Police Department; and the Thai police delegation headed by Pol. Gen. Prathin held talks at Lan Xang Hotel in Vientiane to exchange experiences in implementing various issues in the pact signed by the interior ministers of the two countries on 16 July 1993. Both sides pledged to translate the memorandum into reality together.

Delegation Ends Visit

*BK3005134794 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 30 May 94*

[Text] The delegation of the Police Department attached to the Interior Ministry of the Kingdom of Thailand headed by Police General Prathin Santipraphop, director general of the Police Department, returned home via the Friendship Bridge on 28 May after concluding a 3-day visit.

The delegation paid a courtesy call on Major General A-sang Laoli, interior minister. The delegation later met with its Lao counterparts to exchange experiences and views on various issues of mutual interest.

In addition to touring many places in Vientiane, the delegation also visited Luang Prabang Province.

Thailand

Japan 'Could' Guide Asia Toward Market Economies

*BK2805112394 Bangkok THE NATION in English
28 May 94 p A4*

[Text] Foreign Minister Prasong Sunsiri yesterday said Japan, with its economic strength and technical expertise, could further help Indochinese countries and Burma move towards free-market economies.

"The idea of Former Prime Minister (Kiichi) Miyazawa to hold a forum for the comprehensive development of Indochina last year, the preparatory meeting last December, and the expected ministerial meeting in the near future, would facilitate these countries' reintegration into the mainstream of Southeast Asia's dynamic economic development," he said.

Thailand and Japan believe that economic prosperity is the key to enduring peace and stability in Southeast Asia, Prasong said in his opening speech at the international conference on Japanese International Responsibility and Contribution to Peace and Prosperity in the Asia Pacific.

Prasong said there was a consensus that prosperity required a certain amount of peace and stability and that the two conditions reinforced each other.

The two-day conference was organized by Thammasat University's Institute of East Asian Studies and sponsored by the Japan Foundation.

The seminar was attended by Thai academics, representatives of the embassies of Japan, China, and South Korea, and of international development agencies and Thailand's Department of Technical and Economic Cooperation.

The director of the university's East Asian Study Center, Professor Surachai Sirikrai, said this kind of seminar, though academic-oriented, could help explore ways to shape and reinforce Japan's role in the region.

Deputy Prime Minister Defends Government

*BK2805105794 Bangkok BANGKOK POST in English
28 May 94 p 3*

[Text] Deputy Prime Minister Banyat Banthaththan denies the Government is stepping backwards on the issue of news media freedom following censorship at two military stations.

Mr Banyat, who is responsible for the Government Broadcasting Directing Board [GBDB], said that since the Government came into office it had been giving "full freedom" to the news media as it promised.

This followed the events of May, 1992 when the public could not learn what was going on from state-controlled media, especially radio and television.

This week Independent News Net work (INN) radio, operating from Air Force station FM 102.5 MHz and Nation Radio operating on Army station FM 96 MHz were told by the Air Force and the Army that they would not be allowed to present news that did not have "solid evidence" because the stations felt they were being used as "political tools" to get at the Government.

Mr Banyat said that before the GBDB had all the power to control broadcasting stations but now that power had been distributed to the individual stations which had their own committees responsible for each station. [sentence as published]

He said that an overhaul of the radio and television broadcasting issue was being undertaken and last Thursday he had appointed a sub-committee to improve the law governing them in order to allow more flexibility.

More private radio stations, would depend on the sub-committee's findings, he said.

As for whether military stations could be turned over to the private sector, since they were founded for security reasons and there was no need for them now, Mr Banyat said military stations did give opportunities for news to be broadcast on a wide range of topics.

It was not possible for all to have the same opinion and sometimes problems occurred.

He said it was "difficult to say" if the action of the two Armed Forces was an infringement of news media freedom.

There was thought to invite the military to establish an understanding on the matter.

"This problem is not about the Government and the military or the programmers. It's really about the station and the programmers," Mr Banyat insisted.

Burma Investment Called Risky

*BK0106091694 Bangkok BANGKOK POST in English
1 Jun 94 p 16*

[Text] Small and medium-sized companies should not invest in Burma at the moment, but a large company unhampered by financial and other constraints could go in to enlarge its regional presence, say British Chamber of Commerce members who visited the country recently.

Deciding whether to invest in Burma "depends on who you are and what you want to do," said Ken Key, resident director of Chillington Tool Co Ltd.

The attitude of the delegation, as noted at a Chamber meeting yesterday, seems to have shifted from dismissing Burma as a basket case to looking on it as a

venue for good long-term investment with the payoff depending on the political outcome.

"We would like to have our foot in the door," said Sandy Flockhart, country manager for Thailand of the Hong Kong and Shanghai Banking Corp, which has applied for a licence to set up a representative office there.

Opinion was almost unanimous that the "way to deal with oppressive regimes is not by head-on confrontation with them but by communication, probably through free trade," said Adrian Topham, managing director of Thai British Security Printing Limited.

Countries such as Singapore seem to have adopted this principle. Six Singaporean banks have gone into Burma, and 17 hotel projects involving Singaporean investment are coming up.

Singapore is a large source of foreign direct investment in the country and is set to outpace Thailand which is now the largest investor in Burma. The figure for Chinese investment is small but business with that country is large, most of it going unrecorded.

"There is a market for basic products. Most of this is now available through the black market or obtained through barter trade," said Mr Key.

The military government has monopolies in timber and gems. It also controls telecommunications, mining and logging.

"However, it is possible to get into joint ventures with state entities or with Burmese citizens," said Mr Key.

Products have to be chosen with care. A problem arises in the case of manufacturing units that base their production on imported raw material.

"It is a Catch-22 situation—there is a need for hard currency to import raw material but there has to be some export first to fund these purchases," explained Mr Key.

Investment in power-intensive industries is also best avoided. There are some attractive features—the low entry cost and the low wage rate, unofficially US\$8 per month.

But investors have to deal with a two-tier exchange rate: officially there are six kyat to the US dollar but the unofficial rate is 20 times that.

Until the dual-rate system is scrapped, Burma will not get assistance from the International Monetary Fund and the World Bank. The prevailing junta does not want to do this and lose face.

"Banking is basic," said Mr Flockhart. "In terms of trade, letters of credit are difficult to get, the smaller private banks cannot deal in foreign currency."

Lack of reliable data on the country also makes it difficult to make commercial decisions. The regime's figures often are exaggerated.

Peter Snell, managing director of Asia Market Intelligence, who derived his own statistics relating to Burma based on available information, put the growth rate at 1.2 percent and not the 5.9 percent the government claims. Inflation, 31.8 percent in 1993, is expected to increase to 45 percent in 1994.

Political 'Crisis' Affects Stock Market

BK0106083994 Bangkok *THE NATION* in English
1 Jun 94 p 1

[Text] The Stock Exchange of Thailand [SET] fell 26 points for the first time in 13 days after climbing steadily for more than 100 points, reflecting a mixture of profit-taking and growing nervousness about the political situation.

The SET index adjusted downward to 1356.87 on active volume of Bt10.39 billion. Declines were particularly conspicuous in the banking, finance and securities and construction materials sectors.

An analyst at Ekkachat Finance & Securities Co indicated that the market fall could be attributed largely to technical reasons after the index had risen sharply for almost a fortnight on news of improved corporate earnings.

The analyst said investors are nervously watching the local political scene, fearing that a spill-over from the hunger strike of Chalot Worachit and the looming constitutional crisis might lead to an unforeseen situation.

Foreign investors, who have been a major factor in driving up equity prices, have apparently slowed their buying spree but elected to invest in blue-chip stocks, causing the stock market to lose its steam.

An analyst from GF & Securities Co. said without fundamental support for the market, the finance and securities sector witnessed the highest volume at Bt2.3 billion out of the total turnover, followed by the construction materials sector at Bt2.2 billion.

An analyst from Siam City Finance & Securities Co. said that technically the SET index attempted to test the 1400 level on Monday but it could not breach the 1392 level yesterday forcing the investors to readjust their portfolios.

Vietnam

National Assembly Meeting Reportage Continues

Phan Van Khai Report, Part 1

BK2905071094 Hanoi *Voice of Vietnam Network* in Vietnamese 1430 GMT 27 May 94

["Part One" of the report delivered by Deputy Prime Minister Phan Van Khai at the opening of the Ninth National Assembly Fifth Session held at the Ba Dinh Conference Hall in Hanoi on 26 May—recorded]

[Text] In this report, on behalf of the Government and the prime minister, I would like to make general remarks on the current situation and present a clearer picture of a number of major issues that need to be resolved in the days ahead to implement successfully the National Assembly's resolutions on the tasks for 1994.

Based on the results obtained from the implementation of tasks for the first four months of the year and on the projected developments of the situation till June, we can point out the following outstanding traits:

First, the positive financial and economic changes of the past few years have been sustained and developed in the first six months of 1994, thus producing rather comprehensive progress in the areas of economic production, goods circulation, finance, money, and external economic relations with a higher growth rate compared with the corresponding period in the past few years.

The winter-spring crop is expected to achieve the highest output so far, up one million tons compared with last year (or an increase of 10 percent). The structure of the rural economy has been reformed in the direction of increasing industrial and special crop yields as well as of promoting animal husbandry, especially aquaculture, and non-farming occupations.

The industrial production in the first six months of the year is expected to increase by 12 percent compared with the corresponding period in the previous year (the target put forth for the whole year is 11 percent), with the rather harmonious development of all economic sectors, cities, and industrial centers, a number of major electricity-generating and transport projects have been completed and put into operation. These include the last group of generators of the Hoa Binh Hydroelectric Power Plant, the turbine power plant in Ba Ria, the 220-kilovolt powerline between Ba Ria and Long Binh, the highway section between northern Thang Long and Noi Bai, and so forth.

The most significant project, the 500-kilovolt powerline, has been completed as scheduled following two years of countless difficulties and obstacles. This required the greatest efforts to ensure stable and safe operations. Experimental operations started on 20 May 1994 and the network will be officially switched on by early June to supply electricity from north to south, thus exerting an overall impact on the national economy and the people's lives.

The export value is estimated to increase by 27 percent (the projected yearly target is put forth at 20 percent). Import value is expected to increase by 23.4 percent. The foreign Official Development Aid (ODA) sources signed in the first quarter of this year has nearly doubled the 1993 amount. Direct foreign investment projects licensed in the first half of 1994 totalled \$2 billion in registered capital, or two-thirds of last year's figure. The amount of capital actually put in use increased by 60 percent over the same period in the previous year.

The total value of retail sales is expected to increase by 37.76 percent, meeting the diversified demands of the population with higher incomes and purchasing power. Goods and passengers transportation, domestic and international tourism, and other services have reached new heights. Price indexes of retail sales and services in the first four months of the year increased by 5.4 percent, mainly for food and foodstuffs during the Tet holidays. Since March, prices have stabilized.

According to reports from the Statistics General Department, the consumer goods index in May 1994 increased by 0.6 percent over April with food accounting for 1.1 percent, non-food and foodstuffs 0.2 percent, and services 0.4 percent. If we compare May 1994 with December 1993, the price index has increased by six percent with food and foodstuffs accounting for 11.1 percent, other goods for one percent, and services for 5.9 percent. In short, though prices this year increased more rapidly than the same period in the previous year, they mainly affected food and foodstuffs, a trend that suits the government's policy of not letting the prices of food and foodstuffs fall too low.

Regarding domestic budget revenue, it is expected to increase by 50 percent compared with the corresponding period in the previous year. The annual increase was put forth at 31.5 percent. Phase two of the new wage policy, which would introduce an increase of 25 percent to the wage fund, has been developed since early this year in a way that will not cause unexpected price fluctuations but ensure smoother cash flow and prevent cash shortages. The currency exchange rates and gold prices did not show any major fluctuations. The credit system was expanded a step further and the loan payment surplus was estimated to increase by 23 percent compared with the corresponding period in late 1993. The rate of credit loans to the non-state sector—mainly to peasant households—increased from 30 percent in 1993 to 40 percent in the first half of this year.

However, positive elements to ensure economic stabilization and favorable conditions for new development steps are not very stable in many aspects. The state budget balance is facing difficulties. Internal and foreign credit resources to cover national overspending are still limited. Monetary circulation still carries unstable factors, and the amount of foreign currencies circulating outside state control is still fairly great. Policies and measures on mobilizing more capital only meet the current demand at a low level. Several agricultural products, industrial commodities, and consumer goods are facing difficulties finding a market. Planning for state investment has been executed at a low level due to lack of capital. Projects funded by loans and several foreign joint venture projects do not have enough capital to get off the ground. The reorganization and rearrangement designed to improve management in the state economic sector and in handling public property, guide and promote domestic investment, improve foreign investment

procedures, and establish order and discipline in economic activities in the market mechanism have not scored significant progress.

Second, together with economic development and increasing incomes, cultural and social activities have progressed with more students registered at all education levels and better teaching and learning quality; the tertiary education system has been reorganized with the formation of national universities and regional universities; science and technology research has been concentrated more on key programs; management of product measurement and product quality is in progress, and environmental protection activities have been implemented according to the recently introduced law. The information and cultural work have been directed more at the grass roots level. Many activities have been organized to preserve historical traditions and national cultural characteristics and to broaden cultural exchanges with foreign countries. Activities to mark the 40th anniversary of the Dien Bien Phu victory have been held in many diversified and vivid forms, satisfactorily cultivating encouraging and educational effects on different generations. National programs to generate more jobs, prevent and fight contagious diseases, provide family planning services and mother and child care, support sports and physical education activities, eliminate starvation and alleviate poverty, and repay favors to people who have rendered meritorious service to the nation have been implemented widely and become more socialized.

The fight against social evils has received better guidance and coordination from the government, mass organizations, schools, and families.

The government has supplemented and carried out practical lines and policies to support socioeconomic development in the mountainous areas and in ethnic areas. Many mountainous provinces and districts have established their own economic structure to increase commodity production on the basis of exploiting their local advantages. The government is directly providing guidance to one pilot province and district to draw experiences.

State investment in mountainous areas, including allocation to local budgets and projects funded by different ministries, is double the 1993 amount. Since the beginning of this year, many construction projects and investment programs for mountainous areas have been executed. They include projects to build more public roads, provide electricity and water for production and living, expand primary health care, fight against malaria and goiter, restore and build more schools and classes, construct boarding schools for ethnic students, and improve cultural and information services.

The state trading sector has been entrusted with the duty of purchasing all commodities and supplying staple goods to mountainous areas. Apart from continuing to grant subsidies to the transport cost of seven types of

goods, the government has decided to provide free four types of goods to upland people. These goods are iodized salt, diesel, medicine, and stationery for students.

The past progress has prevented the degradation and scored new development steps in some fields. However, the improvement is not great compared to the requirements of our human development strategy in the transitional period for the national industrialization and modernization. The advancement steps are not powerful enough to push back and prevent social evils and to help the spiritual life, morality, and social environment improve and become more useful for economic development in these areas. Commodity production, goods circulation, and material and cultural life for the mountainous people still face many difficulties.

Third, our international relations are expanding and consolidating continuously in the direction of diversification and multilateralization. During the first several months of the year, exchange visits of our high-ranking leaders with leaders of a number of countries, especially regional countries, have contributed significantly to improving mutual understanding and accelerating multifaceted cooperative relations.

The resumption of normal relations by international monetary organizations with Vietnam, and the lifting of the trade embargo against us by the United States administration early this year have created favorable conditions for normalizing relations between Vietnam and the United States, as well as encouraging cooperation between international organizations and other countries with us. Our international relations are progressing at a relatively fast pace in a positive direction and are contributing to consolidating peace, stability, and cooperation for the sake of national construction.

There still, however, were some complicated incidents on the borders, such as recent violations of our economic privilege zone and continental shelf. The situation in Cambodia also contains elements that cause concern.

National defense work continues to be consolidated in the recent past, territorial integrity was well safeguarded, all sabotage plots and activities were discovered and suppressed, lawbreakers were subdued, and social order and safety were maintained. The new situation requires the state and people to strengthen their support and create better conditions for the national defense forces so that they can cope with their heavy responsibility.

Also, the state management mechanism has achieved good progress in terms of leadership and managing tasks. While consolidating its leadership role and dealing effectively with urgent issues for the short term, the government has also tried to study and resolve essential issues which are strategically important in the new situation, such as the comprehensive plan to combine economic renovation with administrative reform, building up the legal system, planning for major industry sectors and economic zones and for major projects that should be implemented from now to the year 2000.

Coordination among the legislature, administration, and judiciary agencies, and with mass organizations in a number of fields have gradually regulated, thus guaranteeing better performance.

The pace of reform of the state management mechanism, however, is still too slow. The administration reform has not genuinely functioned yet in reality. The contingent of cadres in many agencies and at various sectors and echelons is displaying the ineptness which makes them unable to catch up with the demands of the renovation. Improper discipline, degenerated morality, and, worst of all, corruption, embezzlement and waste of public property, and extortion, are still popular. Enforcing the law at one's own convenience, or not obeying government decisions is still rampant at not only the grass roots level, but also at some provincial administrations. Several party and state policies, therefore, could not reach the people, or have been misled and made inefficient. These flaws within the state mechanism are the major obstacles in the renovation undertaking and national development.

Generally speaking, the socioeconomic situation in the first several months of the year has been developing in a positive direction, ensuring a good possibility to fulfill and even exceed all 1994 tasks as determined by the resolutions of the National Assembly. Difficulties, however, are numerous and serious because of the slowness in rectifying weaknesses we have had for a very long time, and also by the greater demands of the new development stage as well as new complicated developments that affect the protection of national order and safety.

Part 2

BK2905114094 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 26 May 94

["Part two" of the report by Deputy Prime Minister Phan Van Khai at the opening of the Ninth National Assembly's Fifth Session held at the Ba Dinh Conference Hall in Hanoi on 26 May—recorded]

[Text] With the results obtained in the implementation of its tasks during the first months of the year, the government has resolved to provide guidance for satisfactory implementation of the resolution of the mid-term party conference and other resolutions of the National Assembly's fourth session with the aim of achieving at least an 8-percent increase in this year's economic growth rate and creating potential for achieving a long-lasting double-digit growth rate with high results, so as to gradually narrow the gap in development compared with nearby countries. Only by unfailingly overcoming the danger of being left behind further economically can we achieve firm sociopolitical stability, strengthen national security and defense, and further develop our foreign relations on the basis of independence and sovereignty.

In this spirit, I would like to further elaborate on some major issues with which we are experiencing difficulties and on which we must revamp our policies so as to satisfactorily implement the tasks for 1994 and prepare for 1995:

1. Continue to ameliorate and stabilize the financial and monetary market:

A. How to balance the budget?

The report of the Finance Ministry points out difficulties encountered in balancing the budget. Compared with the figures in the first four months of the year, the average monthly figures achieved in the last six months of the year show that our revenue and expenses increased 1.5 fold and 1.66 fold respectively.

The fact that the National Assembly has ratified a request to increase revenue collection to meet our budget demands is a guarantee for the implementation of socioeconomic and national defense tasks and for helping contain inflation.

The conference held by the entire tax sector in mid-May decided that we are capable of a 10-percent increase in tax collection compared with the total tax and fee collection budgeted for the first half of the year. If we take into account the possibility of increasing tariff collection by the customs sector, we may exceed the collection target by 15 percent. The feasibility of this target relies on our potential for developing production and expanding commercial exchange, along with efforts to enforce various tax laws and the discipline on budget contributions. We must overcome the tax collection shortfall, which is still great, in the state business sector, in individual and private ventures, and in those joint ventures with foreign countries. This shortfall also results from a failure to turn in the tax money obtained from home sales and land use. The enforcement of important laws and regulations is the most important task in which administrative and financial organs at various levels must closely cooperate with various mass organizations, professional associations, and the people in ensuring scrupulous and fair enforcement.

We must exploit the potential for increased tax collection in the following directions:

—The export-import tax is not only a huge source of revenue for our budget—accounting for one-fourth of our total revenue—but also an important means of ensuring domestic production. Along with readjusting the tax table for exports and imports in accordance with the resolution adopted in late March by the National Assembly Standing Committee, we must intensify our anti-smuggling activities at various border gates and conduct inspections to obtain delinquent taxes on those products which have already been illicitly imported, especially those goods that may diminish domestic production. This task must be

closely organized, directed, and undertaken with specific targets. To implement it, we must have cooperation between various sectors and we must win the sympathy and support of the people.

- The leasing of land or the transfer of the land-use right and the use of state-owned houses for business purposes will not only generate huge amounts of revenue but also ensure better management and use of these properties. Although in practice this task is very complex, the more we procrastinate or adopt a wait-and-see attitude, the more state property will be gnawed off and abused. The government advocates undertaking this task resolutely and openly in a way suitable to the actual conditions so the people can oversee it.
- We must scrutinize and sternly deal with those cases of illegal land allocation or land sales in which proceeds are not turned in to the government.
- The prices of certain kinds of goods, which are either fixed or controlled by the state and are not suitable to the relations of supply and demand, such as gasoline and oil, electricity, cement, and the like, must be readjusted rationally so as to help economize on consumption and to achieve a balance between supply and demand and, at the same time, increase revenue for the budget.

Increased revenue should be coupled with reduced expenditure as stipulated by the National Assembly resolutions, with the goal of reducing budgetary strain. In implementing the National Assembly resolutions and the government decisions on practicing thrift, by mid-May there have been 47 ministries and central level agencies and 17 provinces and cities to actually draw up plans to practice thrift. According to the plans of the 10 ministries that have been inspected, the amount of the projected expenditure reduction is 1.357 trillion dong, including 382 billion in capital construction, 943 billion in production and trade, and 32 billion in administrative expenditures.

The government urges all sectors and localities to complete their plans to practice thrift. The plans need to be calculated carefully and be concretely feasible. The Ministry of Finance will have to study the accounting and set up guidelines for using the money saved in its role of helping to ensure a balanced budget. The major expenditures, especially those for capital construction projects, must be allocated reasonably in accordance with the real-life situation of budget revenue. In the current situation, we are not allowed to consider expenditures for out-of-plan projects. Expenditures for new policies, new positions, and so forth should depend on actual revenue increases. We should actively try to expand our borrowing ability, either from foreign sources or from the people, to cover our investment and development

needs. We should develop medium- and long-term borrowing plans with interest rates which can attract people's savings and which are in good accordance with bank loan interest rates.

B. Continue to maintain the fiscal stability and single-digit inflation rate:

The value of the dong is influenced by two things. On the one hand there are reasons for prices to go up and the purchasing power of the dong to go down. Increase expenditure in the coming months will cause demand to increase during the last several months of the year. A large inflow of foreign currency from various sources will increase the circulating money supply and push demand for goods up, thus creating more pressure for higher prices. On the other hand, the difficulties caused by the lack of a consuming market and from the competition of goods smuggled from overseas can also cause prices of agricultural products and some consumer goods to drop significantly. The large foreign currency inflow will also make the value of the dong increase slightly, thus weakening production and export activities.

We need to accelerate our production activities and increase domestic and international trade. At the same time, we need to be well aware of keeping supply and demand balanced, intervening as necessary to maintain inflation at the single-digit level. We should try to avoid any sudden fluctuations in prices of goods, services, gold, and the dollar, either increases or decreases. The unreasonable disparity in prices between agricultural products and industrial ones should be overcome. The government is in the process of adjusting foreign currency management policy aiming at stabilizing the realistic exchange rates on one hand, and on the other limiting the large use of the dollar domestically, first in credit and payment transactions between business establishments and banks. Conditions should be created for the gradual implementation of the principle that the dong only be used in Vietnam. [end recording]

Part 3

BK3005082394 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 27 May 94

["Part three" of the report by Deputy Prime Minister Phan Van Khai at the opening of the Ninth National Assembly's Fifth Session held at the Ba Dinh Conference Hall in Hanoi on 26 May—recorded]

[Text] While planning and preparing for the implementation of resolutions to be introduced by the upcoming central level meeting on the direction of industrialization and modernization industrial development through the year 2000, it is necessary to strive to satisfactorily execute this year's plans for investment development in order to create momentum for subsequent years.

A. Investment capital for development is a priority issue. Together with active efforts to obtain and efficiently use foreign capital for investment, the government is issuing

guidance to supplement policies and measures to mobilize more domestic capital and to gradually create a capital market. Interests are slowly and reasonably adjusted together with the introduction of variable and attractive forms to mobilize capital from different resources. Insurance funds and consumer credit funds are to be developed. A credit policy to provide capital based on economic effectiveness but not on economic sectors is to be applied in order to progressively create a environment of competition in the credit sector. Financial markets from low to high levels will be established with the increasing availability of bonds and stocks. The government is considering introducing a law on shares and stock market operations and preparing the necessary conditions for a healthy stock market in our country.

B. We will actively provide enough capital for important projects in the 1994 planning, especially the projects that have suffered shortages of capital. We will ensure the progress of electricity-generating projects. This year, we will put into partial service the Thac Mo hydroelectric project and the Vinh Son hydroelectric project, start construction of the Yali hydroelectric power station, and prepare for construction of the Phy My thermal power station, the Ham Thuan-Da Mi hydroelectric project, and expansion of the Pha Lai thermal power station. In transportation, we will rebuild the national highways Nos. 5 and 1 and the South Thang Long-Ba Dinh highways to connect with the North Thang Long-Noi Bai highways. Regarding water conservation, we will carry out such major projects as the (Gong) River, Thach Nham, Rac, and A Yun Ha projects. It is noteworthy is that we have completed the natural gas pipeline project from the Bach Ho oil field to Ba Ria. Plans have been formulated to expand the Hoang Thach cement factory, build the But Son cement plant, expand the Bim Son cement factory, and so forth. Efforts are being made to ensure sufficient capital for these projects. All projects built with capital provided or loaned by the state or by foreign countries must be carried out seriously in accordance with the government's new regulations on strengthening management, opposing waste, and overcoming negativism in the various stages of construction from the drawing of blueprints, through the bidding process, contract signing, inspection, and final acceptance of the projects. We must strive to complete various communications and transport projects in accordance with the set policy and schedule.

C. We must create favorable conditions for accelerating investment by various economic components in society, and strive to encourage enterprises and families to invest in developing production and business while promoting the capital market. The law on encouraging investment at home, to be submitted to the National Assembly at this session, has been formulated on the basis of providing the most favorable status to domestic investment projects, similar to those of foreign investment projects. The enforcement of this law requires an amendment to some articles of other promulgated laws such as the Law on Land and other laws related to taxation.

Various documents aimed at providing guidance for law enforcement are being written for promulgation. This will help to accelerate the application of various laws in daily life, thereby meeting requests by various business establishments.

D. While implementing the investment policy, we must quickly formulate plans to develop economic sectors and branches, especially those related to infrastructure projects, agricultural branches in localities and cities, goods processing centers, and industrial complexes in each region and province. We must strive to build more infrastructure projects to meet requirements of the construction and completion of these industrial complexes.

These plans provide the groundwork for the rational formulation of important state-funded investment projects. They also direct and assist Vietnamese and foreign investors in overcoming situations where investment is made spontaneously and subsequently leads to overlapping work, conflicts, and poor returns on investment.

Third, it is necessary to step up diplomatic activities and broaden external economic relations. The current situation provides us with the opportunity to strengthen foreign relations to accelerate national development and enhance the ability to safeguard national sovereignty and territorial integrity. At the same time, it contains factors of instability and the danger of causing us to be left farther behind. Complicated and sensitive external relations require us to be more vigilant, dynamic, and creative in the implementation of a foreign policy of independence and sovereignty to bring into full play the strength of the entire nation in combination with international strength in order to cope with challenges and take advantage of opportunities to develop the national industrialization and modernization program a step further.

We are actively settling outstanding issues and disputes with some countries gradually and through peaceful negotiations. We are ready to proceed to normalization with the United States, join ASEAN at an early date, enter into multi-sided cooperation in the Pacific region, and at the same time continue consolidating and expanding cooperation with all countries and international organizations.

Together with the enhancement of state-level relations, it is necessary to develop cooperative ties in the economic, scientific, technical, and cultural fields; expand cooperation with non-governmental organizations and business people; step up people-to-people contacts; and enhance foreign information and propaganda services.

The government is preparing an overall project for developing external economic relations in the new situation. Some key tasks that must be done between now and the end of the year are as follows:

a. Guiding the implementation of new regulations on managing and distributing Official Development Assistance (ODA). Many countries and international organizations committed to provide necessary financial aid provided that this aid is used strictly in accordance with stringent quality control requirements. Therefore, along with seriously implementing previously funded projects, it is necessary to see to it that new projects are properly worked out because this constitutes the key conditions for using or gaining more aid to meet specified goals. The State Planning Committee is responsible for improving cadre skills and directing sectors and localities in formulating ODA-funded projects in combination with other sources of investment capital, bearing in mind the need to build socioeconomic infrastructure and zone off targeted areas and domains of activities. First priority must be given to the use of non-refundable ODA to fund projects that benefit localities with many difficulties.

b. Continuing to improve the environment to attract direct foreign investment. As an immediate objective, urgent efforts must be made to improve investment procedures and other foreign investment-related regulations, especially procedures on land leasing, construction, taxation, and paperwork simplification to make them administratively simple but legally solid.

Steps must be taken to reduce the time needed for license application and removing obstacles that stand in the way of implementing approved projects. Particularly, when it comes to land leasing, site clearance cost, housing rental, and postage, we must take into consideration the average charges set by neighboring countries. Generally speaking, as far as our country is concerned, land leasing, housing rental, and postage are higher than the charges set by neighboring countries.

All sectors and localities must implement laws and legal documents relating to these matters in a uniform and serious manner. It is necessary to conduct educational activities and inspections to make sure that cadres overcome the evils of red tape. It is important to try by all means to contain the ills of bureaucratism and attempts to seek bribes because these moves inconvenience and discourage foreign investors.

We must focus on the experiences drawn during the past to review and improve work on sectors, production establishments, and key projects that need foreign capital. It is necessary to formulate plans for building foreign investment centers, especially in the three key economic areas. We must amend and supplement various policies to encourage and attract more foreign investment, especially in regions with numerous difficulties. Efforts must be made to promulgate regulations on the management of enterprises with foreign capital toward developing the private sector role and responsibility, while ensuring the management function of the state and authorized agencies in accordance with the law. We must strive to avoid applying management through a single administrative agency.

C. The government set a policy on export-import early this year. Its implementation, however, has been very slow. As a result, we must strive to overcome this shortcoming while strengthening the supervision in export-import activities. Efforts must be made to regulate domestic demands on essential goods while preventing prices from acute fluctuations. Regarding the foreign exchange rates, we must strive to stabilize the actual rate to protect the interests of exporters while stabilizing the macro-economy. The actual foreign exchange rate rests with the purchasing power of the Vietnamese dong and foreign currencies calculated on the basis of the current rate of inflation and demand for foreign currencies in the market. The Ministry of Trade must formulate concrete plans to coordinate with the Chamber of Commerce and Industry and various export-import associations to find more foreign markets for our goods, especially agricultural products. It must conduct research on the market situation at home and abroad to provide producers, businessmen, exporters, and importers with accurate information related to their businesses. Our export-based industrialization strategy calls for a renovation in foreign trade relations so as to quickly increase our export value. This must be carried out in close association with the efforts to develop the exported goods pattern and fundamentally change the business activities and export-import management. Efforts must also be made to shift from the rigid administrative management system to the application of an active economic measure. The Ministry of Trade must strive to perfect regulations on renovating foreign trade management to solicit ideas from businessmen during the next several months. On this basis, we will gradually form a unified management system to stabilize export-import activities.

D. Regarding our tourism, this sector is in great demand by tourists at home and abroad. We have great, favorable conditions for developing this sector. As a result, capital invested in this domain will be recovered quickly with a high rate of interest. Moreover, we have great advantage in having good geographic conditions, beautiful scenery, and numerous cultural and historical relics. It is necessary to say here, however, that although we are attaining high growth in tourism, various aspects of this sector are not developing well enough to meet current demands and requirements. Efforts must be made to quickly overcome the shortage of hotels and accommodations for foreign guests in Hanoi. The tourism sector must strive to meet all requirements of foreign guests and provide them with better service. It must strive to increase its income while expanding cooperation relations with foreign countries so as to contribute to developing the national economy. In implementing the government resolution on developing tourism, we must immediately accelerate the building of hotels and tourist centers using capital, first of all, from economic sectors at home in various forms. The tourism sector must coordinate with the transportation and other sectors, especially airline companies, the customs department, and other agencies to meet the requirements of various

service activities. The security and consular agencies must formulate regulations to effectively coordinate with other organizations to provide the best service for foreign guests while ensuring their safety as well as social order and discipline.

Part 4

BK3005145394 Hanoi Voice of Vietnam Network in Vietnamese 0800 GMT 27 May 94

["Part Four" of the report by Deputy Prime Minister Phan Van Khai at the opening of the Ninth National Assembly's Fifth Session held at the Ba Dinh Conference Hall in Hanoi on 26 May—recorded]

[Text] The government has confirmed these as key tasks in its program of actions. In the beginning of this year, the government met with the chairmen of people's committees and people's councils to discuss the execution of these tasks. In providing guidance for the implementation of the National Assembly resolution, a working regulation for better coordination between the prime minister, National Assembly chairman, the chief justice of the Supreme People's Court, and chief of the Supreme People's Organ of Control was established by the National Assembly Standing Committee. Therefore, the investigation and dealing with all cases of violation and offenders have been proceeding at a faster pace. In 13 major legal cases in 1993 handled directly by the central organs, 12 cases have been tried. The government has also accelerated the changing and supplement of its regulations and policies, especially in dealing with construction investment, the establishing of state budget targets, and market management.

Regarding anti-corruption work, the number of corruption cases discovered in the first four months of this year is less than that of the same period last year. However, corruption is still serious, and occurs mainly in the transferring and selling of houses and land, the spending and collection of state budget, the handling of money of state enterprises, the management of foreign aid, in the demand for bribes in the administration, in commodity control, and traffic control.

The number of smuggling cases discovered and dealt with in the first four months of this year is three percent more than the same period last year with the value of confiscated goods at 25 percent more than that of last year. Cross border and airline smuggling cases have decreased but smuggling by the sea route has been increasing and is becoming more serious and complex.

Noteworthy is the recent legalization and registration of illegally imported cars and motorcycles by some provinces after the collection of a small amount of tax. The government is investigating people's committees and related organs in these provinces. In the coming period, it is necessary to closely coordinate the execution of the National Assembly resolution with on-going programs for economic and administrative reform to cope with

emerging phenomena and gradually solve fundamental issues relating to regulations and mechanism.

The result of our efforts depends firstly on the responsibility and conscientiousness of heads of government organs from the central to grassroots levels and the role of all mass organizations in each locality. What is abnormal is that most of the corruption and smuggling cases have not been discovered by organs and units where the offenders used to work. Therefore, it is necessary to heighten the responsibility of party organs, government, and mass organizations in all sectors and echelons, beginning with the education and control of party members and cadres to uncover and deal with all cases of violation. The government also suggests that National Assembly deputies and National Assembly constituent groups strengthen their supervisory role in this task, especially in their working place and their constituents.

The government welcomes the positive contribution of all mass media agencies in this fight. It is hoped that newspapers and radios will carry out more satisfactorily their roles as defined by the Press Law. It is also hoped that they will also strive to overcome the shortcomings in their reporting, and thus contribute to further accelerating the movement to combine the voice of the press, public opinion, and the responsibility of state organs to increase the strength and efficiency of this struggle.

Fifth, we must broaden and heighten the result of our scientific, educational, cultural, and social activities. In our striving to execute the 1994 program of actions for the successful implementation of the National Assembly resolution, all related sections must have better improvements, especially in the mountainous and isolated areas. For ethnic people, the economic issue is attached even more closely to the cultural and social aspects. The government funding for investment in mountainous and ethnic areas has clearly manifested that relationship. This funding must be used correctly and efficiently to create conditions that would allow the mountainous people to take advantage of their local situation to eliminate starvation, reduce poverty, gradually enrich themselves, improve their intelligence, and reduce disease and drug addiction.

It is necessary to make preparations for the 1994-95 new school year while at the same time continuing to increase the number of students at all levels and create conditions for more children to attend school. Greater efforts are needed to improve the quality of education and training. Plans must be worked out to adjust the objectives of primary education and give general education school students more access to elective courses or subjects. Steps must be taken to renovate the contents of social science and humanities. Plans must be worked out to stabilize the organization and operations of the national university and the three newly established regional universities at an early date. Urgent measures are needed to prepare for the establishment of the Ho Chi Minh City National University.

It is necessary to see to it that scientific and technological research contributes positively to the formulation of industrialization and modernization strategies and of sectorial or regional development projects, as well as to the assessment of the renovation process. It is important to see to it that scientific and technological research projects focus on targeted areas, be consistent with socioeconomic development projects, and yield practical results. It is necessary to uphold the sense of responsibility of state management agencies when it comes to technology imports assessment and inspection. It is important to implement the regulations on product quality, take measures against contraband, and enforce the law on environmental protection. Special efforts must be made to reduce pollution in the urban areas. Steps must be taken to improve the environment in the countryside.

Regarding cultural and information services, the purposes of the three state-level programs are to renovate historical relics to prevent them from further deterioration, organize and promote cultural and information services at grassroots establishments and in the countryside, and consolidate and expand cinematography. It is necessary to link these three programs to diversified activities to mark major anniversaries, bearing in mind the need to make these activities attractive to broad sections of the population. At the same time, it is necessary to improve the overall quality of artistic programs and cultural products. Continued efforts are needed to gradually modernize radio and television networks and strengthen culture and art management through the law to ensure strict implementation of regulations and rules that are in effect.

As far as public health care is concerned, efforts must be concentrated more on grassroots establishments. Measures must be taken to get rid of the situation in which medical care and treatment is nonexistent at certain villages. It is necessary to implement disease control and prevention programs satisfactorily, fight child malnutrition, and improve the quality of medical care and treatment. At the same time, it is necessary to adjust the system of hospital fees and medical insurance premiums, start the construction of two special medical centers in Hanoi Municipality and Ho Chi Minh City, formulate a national policy on medicine, perfect pharmaceutical development projects and medical equipment development projects, consolidate the management of state agencies over public healthcare provision, and enforce the regulations governing medical and pharmaceutical practices by the private sector.

Prompt measures must be taken to expand the population activities and family planning network down to villages and wards and combine propaganda activities with efforts to broaden services, thus increasing the number of people who wish to adopt contraceptive methods to reduce the percentage of families with a third child.

Regarding physical education and sports activities, it is necessary to pay due attention to the masses' movement, work out positive measures to build the contingent of athletes, and organize physical education and sports congresses at all levels in anticipation of the 1995 national physical education and sports congress. Vietnamese athletes must participate positively in international and regional contests and must improve their achievements, especially at the Asian Games scheduled for late 1994.

It is necessary to enhance the results of social welfare programs, especially job development programs and hunger elimination and poverty reduction programs. Care must be given to children who have nobody to turn to in time of need. It is necessary to make preparations for the promulgation of the regulations on favors to be done to those who have rendered meritorious services. Adequate arrangements must be made to relocate the burial sites of fallen combatants. Plans must be worked out to maintain and expand the movement to show gratitude to those who have rendered meritorious services.

Measures must be taken to implement programs to eliminate the evils of prostitution, drug addiction, and HIV infection, bearing in mind the need to guarantee close and uninterrupted direction of party committee echelons and administrative organs at all levels, especially at ward and village levels. It is necessary to secure routine and constant coordination among administrative organs, front organizations, and the mass media. It is necessary to attach due importance to educational activities and preventive measures in combination with necessary legal action.

Part 5

BK3105131494 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 May 94

["Part Five, Last Part" of the report by Deputy Prime Minister Phan Van Khai at the opening of Ninth National Assembly's Fifth Session held at the Ba Dinh Conference Hall in Hanoi on 26 May—recorded]

[Text] We must strive to accelerate economic reform in close association with administrative reform.

To meet the requirements of the new development stage and the renovation, it is essential for us to formulate a general plan to more vigorously accelerate economic reform, while striving to improve the state management mechanism, especially national administration.

Given the tasks that have been and are being done, and on the basis of the government's 1994 program of action, we must concentrate efforts to carry out the following tasks to accelerate our economic and administrative reform:

A. Formulate a plan to fundamentally reform our financial and banking system. Regarding the financial sector,

we must establish and apply the new accounting system to suit the market economy within this year, while accurately presenting our assets and business activities. We must make greater efforts to ensure that our accounting system is a reliable inspection tool of our state and society, while we strive to develop our auditing system. Efforts must be made to complete draft laws and other inventories to systematize various principles concerning the establishment, examination, scrutiny, and approval of the state budget. We must delegate authority in the allocation of the state budget and set up a machinery to supervise, inspect, and control it. It is essential to carry out the program to study and fundamentally reform the tax collection system to suit the new stage of economic reform. We must build a new mechanism to manage assets at various enterprises.

We must formulate a plan to continue reforming the banking sector and fully establish and delegate authority in implementing a two-level banking system, namely state banking and commercial banking. Efforts must be made to gradually establish the money market by using various essential apparatuses to regulate the circulation of money, while ensuring suitable bank interest rates for the market economy. We must strive to ensure fair foreign exchange rates, develop the management of foreign currencies, and create a competitive atmosphere to enhance the efficiency of banking services. We must also strive to diversify the forms of debt by using the most modern methods, while ensuring that the bank functions as a reliable debt settlement center.

Plans for the above tasks are being formulated by the agencies concerned. These plans are expected to be completed this year and efforts will be made to amend and supplement them during their implementation.

B. We must continue to rearrange, improve, and enhance the efficiency of state enterprises and shift them into the business environment of the market economy. State enterprises, in making profits in the market system, should strive to meet public demands, while competing with other economic establishments in a healthy manner. These enterprises should set up a separate state management mechanism to strengthen their operations. We must issue guidance and implementation documents on these tasks by this year. We must also strive to complete the second phase of our debt settlement by this year, while continuing to deal with enterprises that are still operating at a loss. We must accelerate the application of the new accounting system in close association with the effort to improve the financial system of enterprises to enable them to take real responsibility in managing financial matters within the framework of the law. We must strive to limit the business monopoly of state enterprises, while creating conditions for healthy competition. We must improve the communications and transport network further this year. For a number of enterprises that still need to operate in a monopoly, the state should set up a separate management mechanism to control them.

The above measures and the efforts to carry out the financial and banking reform will create conditions for each enterprise to effectively renovate itself, while taking appropriate actions to compete with other establishments in the market. The market economic system will help determine the efficiency of enterprises, accelerate and develop various forms of cooperation, promote the spirit of self-reliance, and create conditions for the setting up of major business corporations. In this context, it will gradually help to improve and fundamentally strengthen various state enterprises, promote the shareholding system, and clearly define direct ownership of public assets at state enterprises. It will also help form a new management mechanism to replace the old administrative management system at enterprises. From this juncture, we will be able to establish a state business bloc comprising various major business corporations to effectively carry out business activities and truly develop the autonomy of the market system. The state should formulate a legal framework to guide and support the implementation of this process to help it develop along the socialist orientation and in conformity with the law of the market.

The efforts to carry out pilot projects in the implementation of state policies to promote the shareholding system and to eliminate the state managing system at enterprises are aimed at drawing experiences from realities to correctly apply them in the market economy.

C. While carrying out the abovementioned two tasks, we will, at the same time integrate the economic reform with that of the administration. Administration reform, however, requires greater efforts because it is closely related to the renovation of the political system. Moreover, many major and fundamental issues in the administrative reform stem from the process of building a law-governed state of Vietnam which we are studying its contents for submission to the next party Central Committee plenum to be convened at the end of this year [time as heard].

It is imperative for us to resolve now a number of pressing issues, to create conditions for developing the relationship between organizations and state agencies, and to enhance the efficiency of our administrative system. Efforts must be made to improve administrative procedures to eliminate inconveniences experienced by the people and businessmen. The recent government's resolution on this issue has been warmly welcomed by the people. Various ministries, government agencies, and people's committees of provinces and cities are dutybound to implement this resolution. Heads of responsible agencies must control and closely supervise the implementation of this resolution to affect real changes. Criticism by the press, pressure by public opinion, and action by the people aimed at improving administrative procedures and inspecting work of state agencies and personnel are significant factors that will help accelerate administrative reform. At present, the government is making great efforts to formulate regulations on civil servants, conduct a study on public service

system, and make preparations to set up a financial-administrative agency. The government will complete within this year the draft documents for these tasks to solicit ideas from various sectors before promulgation.

There are still many issues to be resolved regarding the relationship between the central and local agencies in a uniform administrative system. Significant parts of these issues have been raised in the draft law on the people's councils and people's committees, the draft law on state budget, and the law on authority to promulgate legal documents. These issues cannot be resolved separately, but rather they must be settled on the basis of the general lines and policies on building a law-governed state.

The most pressing tasks at present are to restore disciplines in the administrative system and resolutely deal with agencies that deliberately ignore the decisions and directives of the government and the higher administration echelons. Chiefs of the the higher administrative agencies must strive to supervise and control the implementation of key decisions, promptly commend outstanding officials, and quickly deal with cadres who violate rules and regulations.

Dear National Assembly deputies, implementing the 1994 tasks during the past almost six months, we have found that we now have numerous opportunities to advance forward while facing some ordeals. This condition will pave the way for our nation to enter the new stage of development. Thanks to the fine development of the socioeconomic situation, our people's material and spiritual life has been further improved and social activities enhanced. This has been symbolized by the creativity and efficiency of various enterprises and businessmen, families in the delta and mountain regions, and people in the countryside. These sources of strength and intelligence can be exploited more vigorously through the continuation of the renovation process, especially in the efforts to accelerate economic reform in close association with the administrative reform. This will also serve as a basis for effective competition with and exploitation of foreign resources.

In the new situation, the implementation of the policy on strengthening great national unity has reached a new peak in anticipation of the upcoming congress of the Vietnam Fatherland Front. We must strive to bring into full play all capabilities and efforts by Vietnamese at home and abroad for the great cause of the nation. This will undoubtedly open up a new prospect for attaining the objectives of making our people prosperous, our nation powerful, and our society just and civilized.

In this spirit, the government, the National Assembly, the Vietnam Fatherland Front, and other mass organizations, in their respective role and duty will strive to organize, motivate, lead, and assist the people to make greater efforts to fulfill the 1994 tasks set by the National Assembly's resolutions, thereby satisfactorily creating a firm foundation for effective implementation of other tasks in 1995 and the ensuing years.

Report on 30 May Proceedings

BK0106124194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 30 May 94

[Text] Dear friends: Today, 30 May, is the fourth working day of the Ninth National Assembly. In the morning, the deputies broke into groups and discussed the draft law on taxes levied on the transfer of rights on land use. In these group discussions, they also offered views on the draft regulation on rights and obligations of organizations over their granted and rented land and the draft regulation on rights and obligations of foreign individuals and organizations over their rented land in Vietnam.

In the afternoon, the National Assembly held a plenary session in the conference hall under the direction of National Assembly Vice Chairman Nguyen Ha Phan to discuss the draft law on taxes levied on the transfer of rights on land use. The draft law consists of six chapters with 26 articles.

As of noon, the National Assembly Secretariat received 29 reports on the discussion of the draft law on taxes levied on the transfer of rights on land use held by all the groups.

In the afternoon, they took turns to present their views on the draft law. All of them agreed that it is necessary to promulgate a law on taxes levied on the transfer of rights on land use in order to improve land management, strictly implement the law on land promulgated on 15 October 1993, and increase revenue for the state budget.

The expressed opinions concentrated on the following issues: the subjects to the law on taxes levied on the transfer of rights on land use, the basis for tax rate calculation, exemptions to the law, and the date the law will become effective.

Most of the deputies agreed with the draft law on the subjects to the law as they are all individuals and organizations. Some deputies suggested that it should be clearly specified that organizations are economic organizations. However, some opinions suggested that the word organizations in the draft law should be removed for the reason that land is granted to organizations by the government. When the land is not used, it must be returned to the government.

Some deputies suggested that there should be a classification for individuals and organizations that receive their rights on land use before and after 1975. Before 1975, the people had to pay for their rights of land use. But now the people can be granted the right to land use free. Therefore, it is not fair when they are classified in the same category.

Most of the deputies agreed with a suggestion to grant tax exemptions to families of fallen combatants; injured soldiers of class one and class two; and cadres, workers, and public servants deployed to work in other localities. Other opinions also proposed that tax exemptions

should also be reduced for sick soldiers of class one. Tax exemptions or reductions, however, should not be granted when people move to other residential areas of their choice.

Some opinions said that it is necessary to encourage people, who turn fallow land into agricultural land or use land along the national border and on islands for production activity, with appropriate tax privileges. Most of the deputies held that the proposed tax scale is too high. They suggested that the maximum rate should not be set at 20 percent as outlined in the draft law. The rates should be set at 5, 10, and 15 percent. The deputies agreed with the draft law that the people's committees of provinces and cities directly subordinated to the central government must set appropriate rates for their own areas, based on the guidelines issued by the government and on the local situation and provided that their rates do not exceed more than 20 percent of the guidelines.

A deputy voiced his query that the draft law stipulates that tax payers must pay their tax where their land is located. What will happen if a person transfers his rights on land use and another person receives the rights on land use reside in different localities?

Somebody suggested that taxes should be reduced on a piece of land that has been transferred more than two times. But somebody else suggested that in this case the tax should be many times higher in order to stop the trading of land for profit, thus preventing the increase of land prices.

Many deputies suggested deleting article four calling organizations and individuals to support the taxation service in its execution of the law on taxes levied on the transfer of rights on land use. Other deputies proposed that this article should be put together with article 15 about participation, reward, and punishment.

Most of the expressed opinions suggested that the law on taxes levied on the transfer of rights on land use should come into effect on the day that the law is promulgated and it should be retroactive to 15 October 1993, the promulgation date of the Law on Land.

Tomorrow, the National Assembly will continue its debate in the conference hall.

Report on 31 May Proceedings

BK0106132994 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 31 May 94

[Text] Dear friends; On the fifth working day of the Ninth National Assembly's fifth session at the conference hall, deputies continued to discuss the draft law on tax for the transfer of land use rights and heard a report on the draft amendment to the laws on organization and the election of people's councils.

In the morning, the deputies listened to Mr. Ho Te, minister of finance and chairman of draft law compilation committee, who read a report summarizing the

views of deputies on the draft law on the transfer tax on land use rights. Seventeen deputies gave their opinions on this draft law. Most of their views focused on major issues such as targeted parties, the basis for tax calculation, tax rates, tax reduction and exemption, and an effective time frame of the law.

Those who voiced their views held that in order to maintain fairness, the calculation of tax must be based on the source of the land. They also agreed that tax reduction and exemption must be given to state cadres and employees who have to move house as required by public service, and also for those who have completed their service in mountainous provinces and who have decided to return to their hometowns for retirement.

In terms of tax rates, many deputies suggested the rate of five percent for the mountainous and coastal provinces so as to encourage investment. Others suggested that the transfer of agricultural land use right must be limited to preventing land from being used for other purposes. These limitation must be stated clearly in the regulations to avoid loss of public funds, and also to avoid negativity in the management mechanism. Others held the view that distinctions should not be made between the transfer of land use rights and a change in the way land is used. With this, the National Assembly deputies have completed their discussion of the draft law on the transfer tax on land use rights.

In the afternoon, the National Assembly deputies heard Comrade Phan Ngoc Tuong, minister chairman of state organization and personnel commission, acting on behalf of the government, read a report on the amendment of the people's councils and people's committees, and the amendment draft on the law on election of people's councils. They also heard Comrade Ha Manh Tri read an investigative report on the two draft amendments on laws regarding the organization of the people's councils and election of people's councils.

The deputies will hold group discussions tomorrow morning on the draft laws on organization and the election of people's councils to prepare for the plenary session at the conference hall in the afternoon.

Communique No. 5 Issued

BK3105160494 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 31 May 94

[Text] The Office of the National Assembly has issued Communique No. 5, indicating that the National Assembly held a plenary session at the conference hall on 31 May.

National Assembly Vice Chairman Nguyen Ha Phan directed the morning session, at which the National Assembly continued debating the draft law on the transfer of land use rights.

First, on behalf of the agency in charge of drafting the report on the views contributed by National Assembly

deputies, Finance Minister Ho Te further clarified a number of issues relating to the draft law on the transfer of land use rights.

Afterward, a total of 17 deputies aired their views on those clauses and sections of the draft law on which there are still differing views. The deputies were: Phung Van Thu of Ha Tay, Trieu Thi Nai of Ha Giang, Dang Quoc Tien of Bac Thai, Le Van Tu of Thanh Hoa, Nguyen Duong Hoang of Nghe An, Nguyen Thi Thu of Ha Tinh, Vo An Bang of Dac Lac, Nguyen Ba Thanh of Quang Nam-Da Nang, Tran Quang Ngoc of Nam Ha, Nguyen Van Thanh of Long An, Do Hoang Hai of Ho Chi Minh City, Ha Quang Du of Tuyen Quang, Do Quoc Thang of Lao Cai, Nguyen Viet Hong of Minh Hai, Pham Van Can of Hai Hung, Bui Cong Minh of Tra Vinh, and Vi Xuan Thanh of Lang Son. The views expressed by the National Assembly deputies further clarified issues relating to: areas that need to be amended, tax computation criteria and tax brackets, tax payment, responsibilities of tax payers, tax exemption and reduction, changes in land use purposes that go with the transfer of land use rights, action against violations, and time frame for law enforcement.

The afternoon session was directed by National Assembly Chairman Nong Duc Manh. The National Assembly heard the following:

—Phan Ngoc Tuong, minister and chief of the Government Committee for Cadre Organization, delivered a report on the draft law on organization of people's councils and people's committees, revised, and the law on the election of people's councillors, revised.

—Ha Manh Tri, chairman of National Assembly Judiciary Committee, delivered an investigative report on the drafts of these two laws.

On 1 June, the National Assembly deputies will participate in group discussions and then hold a debate at the conference hall on the draft law on organization of people's councils and people's committees, revised, as well as on the law on the election of people's councillors, revised.

Security Forces Find Counterfeit U.S. Dollars

BK3105062194 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 May 94

[Text] In Hanoi, Ho Chi Minh City, and some other localities, there have been many cases recently in which foreigners used counterfeit U.S. dollars in selling and purchasing transactions, and some buyers have been given counterfeit U.S. dollars.

The Interior Ministry has directed its related departments to coordinate with local police forces and other agencies to work out appropriate plans to prevent and discover sources of counterfeit dollars in Vietnam.

In early March 1994, security forces received information on a large amount of counterfeit dollars circulating

in the Hanoi area. The security forces joined efforts with local police in Lang Son to investigate all sources and suspects. After a month of investigation, the security forces discovered the culprit and confiscated 100,000 counterfeit U.S. dollars in \$100 bills.

The case has been transferred to relevant agency for prosecution.

Cooperation Agreement Signed With Bangladesh

BK3105051894 Hanoi Voice of Vietnam in English 1000 GMT 27 May 94

[Text] Vietnam and Bangladesh have agreed to start trade and cooperation in fishing, agriculture, and health. The agreement was signed during a three-day visit to Bangladesh by Vietnamese Foreign Minister Nguyen Manh Cam.

Report on Battle Against Opium Crops

BK0106074894 Bangkok BANGKOK POST in English 31 May 94 p 1

[Text] For Hmong people living in areas where a town centre is two days' walk away, opium is certainly a much more attractive and practical commodity than peanuts.

The Lai Chau provincial cadres have tried, in vain, to persuade them to grow peanuts instead of poppies.

The Vietnamese authorities find themselves increasingly helpless to deal with opium plantations and severe drug addiction among ethnic minorities in mountainous regions especially Lai Chau and Son La.

At the same time, increasing drug abuse in major lowland cities such as Hanoi, Ho Chi Minh City and Hai Phong have pushed up demand for raw materials from the mountainous areas.

Vietnam has just encountered scenes familiar in northern Thailand and is trying to deal with a whole set of issues through the similar approach of crop substitution programmes and rehabilitating drug addicts while boosting law enforcement.

But the absence of laws relating to illicit drugs, combined with corruption among law enforcers, an erratic judicial system and a generally crumbling law enforcement situation, raise the question of how effectively the government will handle this issue for which a national programme, as well as an anti-narcotics bureau, have only been recently set up.

"We have a surplus of decrees and resolutions but what's been accomplished so far shows a lack of resolve. Police in Cao Bang province found 2.8 kilogrammes of opium but the trafficker was released after posting a bail of US\$20. This is not to talk about some depraved policemen receiving bribes from other drug traffickers," said a critical article on this issue carried by Lao Dong (Labour) which is published by the Confederation of Trade Union.

It was not until September 1990 that the Lai Chau provincial authority took its own initiative to ban opium growing, smoking, trade and storage.

"We had to introduce the ban because our education campaign had failed," said Mai Thi Ly, deputy governor of Lai Chau province. She is of ethnic Hmong origin and these people form the largest group of opium growers in the region.

Last year, the Vietnamese government passed another resolution on illicit drugs which prescribed penalties for drug abuse and trafficking.

"That had very little impact," on the thriving situation in Lai Chau, said Mrs Ly in an interview.

"We have resorted to different methods of persuasion, urging people not to grow opium. The villagers who turn to cash crops said it was difficult for them to sell their products. The budget we received from Hanoi is strictly for seeds, but there's no money for road access," she said.

Opium addiction among ethnic minorities in remote provinces, especially in the north of Vietnam, is such that "in some places, the whole villages smoke opium, the whole families smoke opium including some children under 15," according to Deputy Minister Phan Thanh Xuan of the National Committee for Ethnic Minorities and Mountainous Areas.

The Vietnamese government said there were 150,000 drug addicts nationwide. Of the 12,000 drug addicts officially discovered in Lai Chau province, 1,600 of them were treated.

"Drug abuse is much more difficult to do away with than poppy fields. Of those rehabilitated, we found that most of them later return to the habit," said Mrs Ly.

In Lai Chau, the local authorities are grappling with the budgetary and logistical questions of relocating the provincial capital from Lai Chau to Dien Bien Phu. On the fringe of the town's only main road construction of the province's only drug addicts rehabilitation centre is under way.

The centre, located on what used to be the site of a herbal medicine clinic, began service in January this year and, so far, it has come across one intravenous drug user, according to Nguyen Duc Thien, director of the centre.

The opium area in Lai Chau province was more than 1,000 hectares before 1990. Officials put the current estimate at 300 hectares. Poppy field annihilation squads would roam the region during harvest time in September to wipe them out.

In the past, opium production and movement had been internal in that it satisfied small-scale needs within the province. But officials were alarmed to have intercepted for the first time last November 190 kilogrammes of opium from Laos en route to destinations outside the province. Early this year, another 230 kilos from across the border was intercepted in Lai Chau.

"That stuff was on transit in Lai Chau, destined for Hanoi and Hai Phong. Until last November's case, we never found locals who moved more than five kilos of opium. In the 230 kilo case, the traffickers came from Hai Phong. They started operating some rackets here," said Deputy Governor Dy.

This is what causes the gravest concern for her.

"Local people here don't go to Hanoi to sell, but the people from outside, for instance, Hanoi come here to buy."

Vietnam is pondering accession to an international treaty on illicit drugs. Tracking down international drug cartels has been possible so far with cooperation from Interpol. The country has recently participated in two ASEAN programmes which will be implemented in Vietnam: Antinarcotics information; and the parents and children against drug abuse campaign.

Vietnam, which has no diplomatic relations with the US, hoped that one day it could hook up with the vast pool of resources and intelligence network of the US Drug Enforcement Agency, said Deputy Minister Xuan.

"We believe that cooperation with the US DEA would help reduce narcotics supply to their country," he said.

Rice Export Agreement Signed With Thailand

BK0106034194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 29 May 94

[Text] Vietnamese Deputy Minister of Trade Nguyen Xuan Quang and Thai Deputy Minister of Trade Chaiyot Sasomsap have signed an agreement on exchanging information on production, marketing, and rice exports. The two sides agreed to exchange information on the volume and types of export rice, marketing, rice production, and rice export policies on a quarterly and yearly basis. The two sides also unanimously agreed to hold a ministerial-level meeting once a year and a specialist-level meeting twice a year.

North-South Power Grid Switched On

BK3105060594 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 27 May 94

[Text] At 19:07 local time [12:07 GMT] yesterday, 27 May, as authorized by the National Electricity Network Coordination Center in Hanoi, Engineer Tran Anh Thai

performed the connecting operation at the 571st circuit breaker at the Danang 500-kilovolt Transformer Station to connect the power network of the north to that of the south.

The operation went as the technicians planned. This is the most important operation in the process of construction and official utilization of the 500-kilovolt north-south power transmission network. To watch the operation successfully carried out, Prime Minister Vo Van Kiet, Energy Minister Thai Phung Ne, and Dang Huu, minister of Science, Technology, and Environment were present at the National Electricity Network Coordination Center. The prime minister made telephone calls to the Phu Lam and Danang Transformer Stations to talk to the cadres and workers and urged them to carry out

their duties efficiently to ensure a smooth transmission between the north and south power networks.

At 18:54 local time [11:54 GMT], Mr. Tran Minh Tam, director of the National Electricity Network Coordination Center, reported to the prime minister that all technical conditions for connecting the two networks were fulfilled. The prime minister then gave his permission and Mr. Dang Hung, deputy director of the center gave the order to the Danang Transformer Station for the operation.

After the connecting operation, Prime Minister Vo Van Kiet shook hands with and thanked more than 20 people present at the coordination center who are cadres in charge of the transmission operation, representatives of construction agencies, and specialists from (?the PTI Service) and (?Marlin Serin).

Australia**Japanese Government Cites 'Problem Area'**

*BK0106025594 Melbourne Radio Australia in English
0100 GMT 1 Jun 94*

[Text] Japan has cited several Australian trade practices in its report on unfair trading policies. Tokyo correspondent, John (Shuverland), reports on the findings by the Ministry for International Trade and Industry [MITI].

[Begin (Shuverland) recording] MITI says Australian Government's purchasing programs, which require companies tendering to buy Australian, are a problem area. According to MITI, the Australian Government is breaching the terms of the government procurement agreement reached as part of the GATT.

The Japanese Government says Australia has been a frequent user of antidumping measures and the reports says from a legal standpoint, the termination of injury to local industry has been questionable. It says the criteria for real estate investment is unclear and a barrier to development. MITI also cites Australian broadcasting laws restricting foreign commercials and direct investment. [end recording]

Kiribati**Acting Head of State 'Forcibly' Removed**

*BK0106083594 Hong Kong AFP in English 0812 GMT
1 Jun 94*

[Text] Auckland, June 1 (AFP)—Kiribati's acting head of state was forcibly moved from office by police Wednesday in what he slammed as an "administrative coup".

"Because we do not have an army here in Kiribati I cannot call it a military coup, but I can call it an administrative coup," Tekire Tameura, the now deposed chairman of the interim council of state, told AFP by telephone from the capital, Tarawa.

He said the acting police commissioner "dragged (me) from my chair".

It is the latest turn in a growing drama in the Micronesian state which earlier this week saw parliament dissolved and administration handed over to a council of state.

It took over within hours of the fall of the government of President Teatao Teannati on Monday.

In the 36-seat Maneaba-ni-Maungatabu, or assembly, the ruling National Progressive Party suffered a defeat, 21-19, when the opposition moved to set up a select committee to investigate misuse of public funds.

Tameura, who was also the head of the Public Service Commission (PSC), chaired the council along with Speaker Beretitara Neeti and Chief Justice Faqir Mohammed.

But then it was found Tameura's public service position expired on May 28 and that technically he could not continue with the council.

He refused to stand down.

"Only the president can ask for my resignation," he said Wednesday.

There being no president, he could not be asked to resign.

However former cabinet secretary Ata Teatiai was named by the other two as a replacement on both the PSC and the council.

Tameura refused to accept the ruling and on Wednesday went to the PSC office.

While he was there the police showed up.

"I am now no longer chairman," he said. "On the orders of the chief justice I was dragged from my chair by the acting commissioner of police."

He was taken to a car, driven to his council office, allowed to collect personal items and then taken home.

Police had been placed at the council office to prevent his entry.

"Of course I am offended, I am taking legal advice."

He believed the action in removing him had nothing to do with his contract status but was "very political."

"People here know what it all means, but Kiribati is a very peaceful country and it is very quiet."

The country will go to the polls on July 21 (east of the international dateline) and July 22 (west of the dateline). July 29 has been set aside for second-round voting if results are not decisive. A month later, successful candidates will elect a president.

The next election is not due until mid-1995.

Details of the alleged corruption which brought down the government have not been made public yet, but relate to misuse in hotel accommodation, transport, entertainment and gifts.

Kiribati, the former British colony of the Gilbert Islands, consists of 33 islands totalling 811 square kilometres (324 sq. miles), whose 68,000 population, known as "I-Kiribati", are predominantly Micronesian.

Its capital atoll, Tarawa, was virtually flattened by the Americans when they landed marines there in 1943 to dislodge Japanese forces who had taken over most of the Gilberts.

The largest coral atoll in the world, Kiritimati or Christmas, was used for atmospheric nuclear testing by Britain and the US in the 1950s and 1960s.

The Maneaba-ni-Maungatabu includes a seat for Banaba or Ocean Island despite the fact that British phosphate mining all but destroyed it and the bulk of its people have been resettled in Fiji.

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